Can Europe Compete **And Still Create Jobs?**

Business Is Wary Of 'Social' Aspect In Leftist Agenda

By Alan Friedman

ROME - As Europe enters the new year, its center-left leaders speak increasingly of the need to reduce un-employment, bolster growth and forge economic policy in the name of the people, not corporations.

After years of fiscal austerity aimed

at achieving the conditions needed to lannch Europe's new currency, the euro, the buzz phrase across the Continent is the quest for a more "social Europe."

"The policy agenda of the modern Buropean left is social," Finance Minister Dominique Strauss-Kahn of France said in an interview. The rhetoric elsewhere in Europe is similar, with Chancellor Gerhard Schroeder of Germany saying recently that "my Europe

will be more social, more just and more democratic." Prime Minister Massimo D'Alema of Italy is calling for a "people's Europe," based on increased public spending and job cre-

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Those goals are likely to be formalized at the European Union summit meeting in Cologne in June. But many economists and business execu-tives are wary of a "social Europe" — a catchall phrase that seeks to accomplish the twin goals of protecting the welfare state white bringing down unemployment from its current 11 percent average. They fear it will translate into con-

tinning high tax rates, economic slug-gishness and more talk than action on creating jobs.

Economic growth is already faltering as the consequences of the Asian crisis hit Europe, cutting into exports and weakening consumer demand. Many private economists expect growth to slump from a 2.9 percent rate in 1998, a year of recovery, to just 1.5 percent to 2 percent in 1999, although official es-

timates are slightly higher.

By all accounts, next year will be a leaner one for Europe. The euphoria currency could soon be replaced by the cold reality of slower growth. Should the dollar weaken further as the U.S. trade deficit soars further in 1999, a strong euro may make it more difficult to deal with competition from recov-

ering Asian exporters.

At the same time, the stage is set for divisions over economic policy as the new center-left government of Germany which will preside over both the EU and the Group of Seven nations be-ginning Jan. 1 — seeks to persuade its partners to take a stronger, more in-terventionist role in the management of economic and monetary affairs.

The new Bonn government has re-peatedly said it wants the G-7 to move toward a system of designating bands within which currencies are allowed to finemate, despite U.S. resistance to governments influencing the exchange rates

of the euro, the yen and the dollar. At home in Europe, meanwhile, Germany is hoping to use its six-month presidency of the EU to push for more uniform fax levels and a coordinated policy for fighting unemployment. This is in sharp contrast to the views of former Chancellor Helmut Kohl, who insisted enemployment needed to be

attacked on the national level.
"This talk of a social Europe," said Thomas Mayer, senior economist at the Frankfurt office of Goldman Sachs. "is rather empty because there are clearly

differing ideas behind it."

Mr. Mayer and other economists noted that the ideas varied greatly from country to country, from the free-market pragmatism of Prime Minister Tony Blair of Briain to the interventionist public-spending theoric of Finance Minister Oskar Lafontaine in Germany. Somewhere in the middle is the more flexible interpretation of "new left" economics that is the hallmark of Mr. Stranss-Kahn of France. Of the 15 EU governments, 13 now are made up of leftist or center-left parties.

Yer as European politicians attempt to translate their job creation thetoric into action in 1999, the driving force in European politics and in the management of the economy may not be the single currency but the damning task set for itself by the new leftist leadership in Europe: protecting social justice and the welfare state while reducing unemployment. "The gist of it," said Bob McKee,

Wave of Mergers Gives Policymakers Difficult Choices

By Tom Buerkle

LONDON - With the arrival of the curo forcing companies to rethink survival strategies in a more competitive environment, merger activity across Europe is expected to jump to new beights in the coming year.

But as the number and size of mergers and acquisitions hit upprecedented levels, the new wave of corporate consolidation is bound to pose uncomfortable challenges to Europe's policy-

The drive to create pan-European gi-ants in industries ranging from financial services to pharmaceuticals and aerospace inevitably means tens of thousands of lost jobs as companies eliminate overlapping activities, a high

price to pay with unemploy-ment across Europe remaining high, at around 10 percent. A sample of what may lie ahead emerged in Germany this month when Deutsche Bank

AG announced it would cut 5,500 jobs as a result of its \$10 billion acquisition of Bankers Trust Corp., provoking angry protests from unions and renewing complaints from industry that the government's ideas for creating jobs were out of synch with the demands of global competition.

"It's something that will put pressure on politicians," said Joachim Schiede, senior researcher at the Kiel Institute of World Economics in Germany. "But it's something we have to live with. If impanies want to merge, who's going

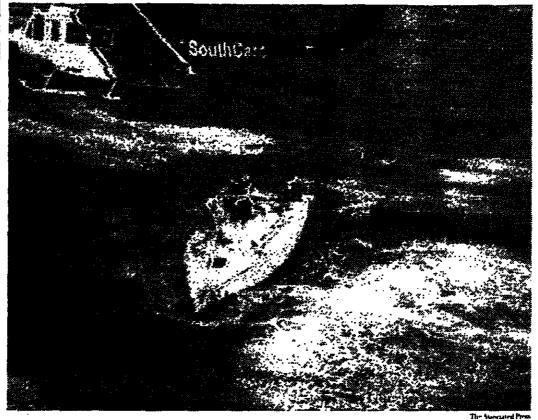
Donald Meltzer, head of European mergers and acquisitions at Credit Suisse First Boston, said the current dominance of center-left governments in Europe with ambitious employment goals would have "a limiting effect" on merger ac-tivity. But he noted that even Socialist governments such as the one in France had decided to continue with privatizations, a process that creates a shareholder

"Are jobs a political issue? Yes," Mr. Meltzer said. "Is that political issue going to be an absolute bar to consolidation? I would say no.'

The proliferation of mergers also threatens to clash with national sovereignty as some countries fear that consolidation will reduce their control over vital industries.

This fear has surfaced most notably in the aerospace and defense industry. Aerospatiale of France recently threw a new obstacle in the way of the transformation of Airbus Industrie into a single company because it feared the change would dilute French control over the aircraft maker, and Daimler-Chrysler Aerospace AG warned its in-tended partner, British Aerospace PLC, not to proceed with a merger with Britain's General Electric Co. out of con-

See JOBS, Page 14



Dramatic Storm Kills 2 In Australia Yacht Race

Five-story masts snapped liked toothpicks as gale-force winds and high seas created havoc in the Sydney-to-Hobart yacht race Monday. At least two sailors were killed; four more were missing in churning waters, with at least one presumed drowned. Rescue helicopters hoisted 50 others to safety. At left, Richard Winning, skipper of the Winston Churchill, is led to an ambulance in Mallacoota after being winched from a lifeboat. Above, a rescue helicopter hovers over a dismasted yacht off the coast of New South Wales. Nevertheless, the race continued. Page 19.



The Great Post-PC Debate Is On

Networked Digital Gadgets Could Clear Off Desktops

By Steve Lohr and John Markoff New York Times Service

At a private meeting with executives of Intel Corp. in July 1995, Bill Gates, chairman of Microsoft Corp., sounded a warning. As the companies pursued their joint vision of making desktop computers that could store and crunch ever-increasing amounts of digital data, Mr.

Gates predicted they would face a looming challenge.
"Once networks are extremely fast," Mr. Gates said, there would be "no reason intelligence can't be central," according to notes, taken by an Intel executive at the meeting, which were submitted as evidence in the Microsoft antitrust trial. Centralized intelligence, accessible via fast computer networks, would pose a threat to the dominant role of personal computers - the model on which Microsoft and Intel

had built their lucrative businesses. Just three and a half years later, that challenge to the personal computer seems to be at hand. Even Andrew

Grove, chairman of Intel, acknowledges that "the center of gravity is shifting." But whether that shift is the beginning of a revolutionary transformation or an

evolutionary progression is a matter of fierce debate. In one camp are the executives and technologists who argue that computing is entering "the post-PC era," as advances on many fronts enable a world of intelligent networks, linked by powerful hub computers, feeding data to millions upon millions of so-

called information appliances. Instead of the personal computer continuing to be the center of the computing solar system, they say, the network will become the universe. Information appliances, the post-PC proponents explain, can be thought of as personal communicators -- devices that mainly send and obtain information to and from the network, instead of creating and manipulating information the way personal computers do.

See COMPUTE, Page 14

U.S. Fighters Hit Missile Site After Iraqi Attack in No-Flight Zone

Damage Assessment Is Unclear As Use of Surface-to-Air Weapons By Saddam Escalates Conflict

By Steven Lee Myers

WASHINGTON — American fighter patrolling northern Iraq attacked an Iraqi missile battery on Monday after coming under fire in what appeared to be an attempt to provoke a new confrontation with the United States, the Clinton administration said.

The skirmish came nine days after the United States and Britain completed four nights of air and missile strikes against military and industrial sites across Iraq. Since those strikes ended, Iraq has stepped up its defiance, vowing to break off cooperation with all United Nations operations in the country.

On Saturday, Iraq declared that it would fire on warplanes enforcing the no-flight zones that the i. United States and its allies created after the Gulf War f

Bellicose threats by Saddam complicate Iraq's relationship with the United Nations. Page 6.

to protect Iraq's Kurdish minority population in the north and the Shines in the south. Later that day, Iraqi e anti-aircraft batteries fired at two British Tomadoes in southern lraq; although they missed wildly.

The White House denied Monday that Iraq had shot 3 down a U.S. warplane, Agence France-Presse reported g from Washington. The Iraqi Army had claimed that it was "virtually certain" that its anti-aircraft batteries had shot down an "enemy airplane."]

The Pentagon said the confrontation Monday involved far more deadly surface-to-air missiles, which can pose a serious threat to the American jets that is patrol the two zones. According to the Pentagon's account, the exchange occurred at 1 P.M. in Iraq (1000 GMT) when Iraqi forces fired at least two missiles at

American jets flying just north of the city of Mosul.
The American pilots evaded the missiles, then attacked the missile batteries with radar-seeking missiles and 500-pound (227-kilogram) laser-guided i bombs, the Pentagon said. The strikes appeared to have hit their targets, but it was not immediately clear

how much damage was done.

President Bill Clinton justified the American strikes as self-defense and said American jets would continue

'They attacked because they were attacked, and they did the appropriate thing," Mr. Clinton said of the 18 American pilots during remarks at the Old Executive 14 Office Building. "We will continue to enforce the no-

In Baghdad, the Iraqi government said the strikes uhad killed four soldiers and wounded seven others. It said the Americans had attacked the Iraqi forces first

and had been driven off. Officials at the highest levels of the Pentagon have expected President Saddam Hussein to provoke a new

attack by American and British forces Administration officials speculated Monday that Mr. Saddam's government hoped to increase inter-

national sympathy and erode support for continuing sanctions against Iraq by enduring additional attacks. "We thought early on that he wanted us to attack him again," one official said. "There's a school of thought that says Saddam believes that the more we take military action against him, the more the world

See IRAQ, Page 6

AGENDA

Israel Schedules Election for May 17

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Israel's major parties set May 17 as an election date on Monday, a sign that a threat by the Palestinian leader, Yasser Arafat, to declare statehood before the polls has receded and will not influence the campaign.

Prime Minister Benjamin Netanyahu had wanted to hold the election before May 4, the day on which Mr. Arafat has threatened to declare statehood if the peace accords are not fulfilled. Page 6.

Angola War Creates **Humanitarian Crisis**

Fighting around key Angolan cities in recent months, the heaviest in four years, has shattered the 1994 Lusaka Peace Protocol, set back embryonic efforts to stabilize a brutalized nation and created hundreds of thousands of homeless people in what the United Nations calls a "rapidly spreading humanitarian crisis." Page 2.



KOSOVO FUNERAL - An ethnic Albanian attending a fellow rebel's funeral on Monday as a fragile cease-fire held. Page 7.

Post-Cold War Puzzle: Has Russia Really Given Up Germ Weapons?

'New Era' of Treatments For Arthritis Is Dawning

By Justin Gillis

WASHINGTON - A new generation of arthritis treatments emerging from U.S. research laboratories holds out hope for millions who suffer from one of humankind's oldest and most exasperating afflictions. The treatments, some of which are

already on the market, are particularly important to 2.1 million Americans, including 71,000 children, who have a form of the disease called rheumatoid arthritis. The disease can destroy joints and cause lifelong pain, but treatments are having such striking effects that some people with this disease have stopped using wheelchairs or walkers and resumed active lives.

Alyce Kelso, 63, used to work 10 or 12 hours a day as a bus driver. But then her immune system went haywire and began attacking the joints in her body.

As her rheumatoid arthritis worsened, she had to stop working, and eventually she needed a wheelchair or walker to get around her home in Rochester, New York. She feared that she would waste away in a rocking chair.

I was just in pain every day of my life," she said. Desperate, she enrolled in a study

testing one of the first drugs for rheumatoid arthritis produced by the budding U.S. biotechnology industry. Last year she started injecting herself twice a week with the compound Enbrel.

The results were electrifying. In weeks her swollen joints shrank, most of her symptoms cleared up and the pain dissipated. She canceled two surgeries to alleviate problems in her elbow and toes. The wheelchair and the walker fell by the wayside.

Rheumatologists — doctors who spe-

See ARTHRITIS, Page 6

	See EUROPE, Page 14
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By Judith Miller and William J. Broad

New York Times Service NEW YORK - Just as the Soviet Union was ending its confrontation with the West in the late 1980s, the military officers who ran Moscow's secretive germ-warfare program ordered up new. much deadlier arms.

At a remote laboratory complex in the then-Soviet republic of Kazakhstan, Russian scientists began animal testing of the Marburg virus, a highly contagious germ that kills by attacking every organ

and tissue in the body. This secret testing, described recently by several veterans of the Soviet program, went undetected at

the time by Western intelligence agencies, which knew few details of the plant's operations.

Kazakhstan gave up nuclear, biological and chemical weapons soon after it became independent seven years ago, and it permitted American experts and a handful of reporters to visit the plant. From their observations, and from Soviet defectors, the West has finally learned what was unfolding there in the final years of the Cold War.

The belated discovery of this exotic arms research is one of the elements of a fierce dispute in Washington over whether the Russian military is heeding President Boris Yeltsin's 1992 order to abandon germ warfare.

Similar fears loom about Iraq. With the apparent

end of United Nations inspections there, the West is trying to track Baghdad's germ-warfare work with satellites and, perhaps, spies — the same methods that failed to unmask the Soviet pro-

American officials contend that Russia no longer poses a major threat. Western experts have visited most of its key civilian laboratories, and officials disclosed that Russia had recently moved closer to allowing Western experts to visit its closed military installations, a crucial step that could dispel many of the lingering doubts about Moscow's activities.

American officials also assert that much of what they now understand about the Sovier Union's germ

weapons has been gleaned through Western aid programs designed to foster peaceful research projects. Those projects also pay salaries to former germ scientists, fending off what officials say is the gravest danger from the Soviet program - recruitment of scientists by rogue states or terrorists.

But some U.S. officials, as well as some Republicans in Congress, assert that Russia is still secretly researching germ weapons. Congress recently cut spending on cooperative exchanges with Russian germ scientists from \$14 million to \$7 million, both because of persistent doubts about Russian intentions and to punish Moscow for selling

See RUSSIA, Page 7

An Unlikely Spy Uncovered Hitler's Last Secret Weapon

By David Ignatius

LE DE RE, France - Like so many things that matter, it began with an accident. The young woman was riding a night train from Paris, heading south toward Vichy, when she ran into an old friend. There were no seats on the train, so they stood in the corridor, talking quietly under the dim light of a flickering blue bulb.

Their conversation was understated, careful, dangerous. It was 1941: France had been overrun by the Nazis, Britain had been battered by the Blitz, and the Third Reich looked invulnerable. Jeannie Rousseau, 21, had already been caught once by the Nazis and thrown into a prison on spying charges — and then released because they lacked proof. Georges Lamarque remembered her from the University of Paris, where she had finished first in her class and had shown a special gift for languages, especially German. He was a mathematician by profession and now, a spy by circumstance.

The chance meeting on the night train would lead Jeannie Rousseau to join Mr. Lamarque's operation and become one of the most effective - if unheralded — spies of World War II. Her precise reports on Germany's secret military plans, particularly the development of the V-1 flying bombs and V-2 rockets, helped persuade Prime Minister Winston Churchill to bomb the test site at Peenemunde and blunted the impact of a terror weapon the Nazis had hoped would change the course of the war. Her exploits later landed her in three concentration camps, which she survived without ever disclosing the

from the Germans. The young woman who dared to become a spy is now sitting in the garden of her summer home near La Rochelle, on the Atlantic coast. She is 79, widowed, dressed in a somber blue shirt and trousers, with close-cropped silver hair swept back from her tanned face. She is still a beauty — the sort of woman who, as a younger male friend remarked, makes you wish you were 25 years

great secret she had stolen

"After the war, the curtain came down on my memories." she said. Like many genuine heroes, she seems to regard her accomplishments almost as an embarrassment. "What I did was so linle," she protested. Jeannie Rousseau at the 1997 christening of a boat owned by the former CIA director "Others did so much more. I James Woolsey. The vessel is named "Amniarix," her World War II code name.

At first she balked at describing these long-ago events. Yet even as she demurred, she was remembering. During the war, she said, she had been blessed with a photographic memory. It was part of what made her such a good spy. But now all the images were fading, and soon they would be gone entirely. She might as well talk about it, before she

She knew just where to begin. "It started with my guished French civil servant who had fought in World War I and later traveled widely in the Near East for the Foreign Ministry. Jeannie was his only child, and as she remembers it, he didn't speak to her until she was 12 or 13, when he concluded that she had something worthwhile to say. After retiring from the civil service, he became mayor of the 17th arrondissement of Paris, a fashionable district near the Arc de Triomphe where the family had an

apartment on the Rue Jouffroy.
When the Germans invaded in June 1940, Mr. Rousseau decided to move the family and the arrondissement's archives to the coastal village of Dinard in Brittany, near Saint-Malo - where he apparently thought the Germans would never reach. But the Nazi troops soon arrived by the thousands, preparing for a possible invasion of Britain. The mayor of Dinard, who lived next door to the Rousseans, was desperate for someone who could speak German and provide a liaison with the army command. Mr. Rousseau volunteered his daughter.

The next morning, she put on her sternest blue suit and white shirt and went to meet the senior German officers. They delighted in her company, offering her gifts and walks on the beach - all of which she refused.

"The Germans still wanted to be liked then." she recalled. "They were happy to talk to someone who could speak to them." And talk they did - about names and numbers and plans, all the things that older men imprudently let themselves discuss with a pretty young girl who speaks such good German. (She paused to reflect: "At the time, I spoke so

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fluently I could pass for German if I wanted, but it has disappeared. I can't speak a word now. Isn't that strange?")

One day in September 1940, a man from the nearby town of Saint-Brieuc came to visit. He asked if she would be willing to pass along information she heard in her meetings with the German officers. Her answer, then as later, was automatic. "I said, 'What's the

point of knowing all that, if not to pass it on? Soon, the British were receiving so much intelligence about German operations in the Dinard area that Nazi spies in London reported that there must be a well-placed agent there. Jeannie was arrested by the Gestapo in January 1941 and held at the Rennes prison. A German Army tribunal examined her case, but the officers from Dinard insisted that their charming translator could not be a spy, and she was released. Her only punishment was

an order to leave the coast. She went immediately to Paris. She had learned an essential lesson about espionage, which is that it pays to listen. Now she looked for a new job that would give her access to truly sensitive information, a job "that would take me into the lion's den, which was where I wanted to go." Soon enough, she said, "I found an amusing piece of work."

The French industrialists syndicate, a sort of national chamber of commerce, needed a translator at its offices on the Rue Saint-Augustin. Jeannie took the job and soon became the organization's top staff person - which meant she met regularly with the German military commander's staff, based at the Hotel Majestic. She would visit the Germans

almost every day to discuss commercial issues -

complaints that the Nazis had commandeered in-

ventories, offers to sell strategic goods such as steel

and rubber to the Germans. She was accumulating a

vast amount of basic intelligence, but it was going to

waste. ("I was storing my nuts, but I had no way to

HE OPPORTUNITY came in that chance

she had finished first in her class in 1939. What was

into regular contact with the Germans. Mr. Lamarque said he was building "a little outfit" that

was gathering intelligence.
"Would you like to work for me?" Mr.

Hurriedly, she told him there were certain offices

and departments at the Hotel Majestic that were out

of bounds because the Germans were working on

special weapons and projects. She thought she

And so it began, Mr. Lamarque made her part of

his small network, known as the Druids, and gave her

the code name "Amniarix." The information was

there for the plucking. "It was very simple," she said.

"I used my memory. I knew all the details about the plants and commodities in Germany. We were build-

ing up knowledge of what they had, what they did; we

As luck had it, she soon met several German

officers who had been her friends at Dinard - the

people who couldn't imagine that she would ever do

anything wrong. They were now working on secret

projects, and they, in turn, introduced her to their

friends. By 1943 Jeannie was overhearing the most

sensitive possible information — tales of special

weapons that were being designed in eastern Ger-

many. She suspected that she had stumbled upon

could keep an eye on what they were doing - we'

being me. And I couldn't be dangerous, could I?"

could manage to get into those restricted areas.

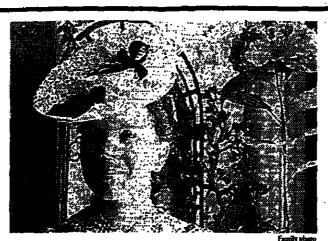
Lamarque asked. She instantly answered yes.

She told him of her job and how it brought her

she doing now, he wanted to know.

encounter with Mr. Lamarque on the night train. He recognized her immediately from

the faculty of science and politics, where



Jeannie Rousseau at age 23, the time of her espionage.

one of the great secrets of the war. "I understood that it was very serious. That was also Georges's opinion. He said, 'Pursue it, go into it! Don't allow that piece of thread to be cut.

But how did she get them to talk? Why did these senior officers, responsible for developing aweapon that could change the course of the war. betray the secret to a 23-year-old girl? She insists she never played any "Mata Hari games" - she never traded sex for information. Instead, it was a matter of her cunning and their gullibility.

The German officers were a close-knit group, she said, and they would gather often in the evenings at a house on the Avenue Hoche. ("I pass it now and then, and I wonder, which house? I can't remember.") They would drink and talk, often in the company of their beautiful French friend who spoke such good German — whom they all wanted to sleep with, and probably liked all the more because she always refused. They would talk freely among themselves about their work, and though they generally wouldn't talk to Jeannie directly, they didn't mind her being there.

"I had become part of the equipment, a piece of furniture," she recalls. "I was such a little one, sitting with them, and I could not but hear what was said. And what they did not say, I prompted." How does one "prompt"

occupying forces to reveal military secrets? She explained: "I teased them, taunted them, looked at them wide-eyed, insisted that they must be mad when they spoke of the astounding new weapon that flew over vast distances, much faster than any airplane. I kept saying: 'What you are telling me cannot be true!' I must have said that 100 times.

"'I'll show you,' one of the Germans said. 'How,' I asked, and he answered: 'It's

here on a piece of paper!' "
So the German officer displayed a document explaining how to enter the test site at Peenemunde, the specific passes that were needed and what color each one was. Jeannie, with her photographic memory, recorded each word in her mind. Her friends were so trusting, and so eager to impress, that they even

showed her drawings of the rockets. After these sessions with her German "friends," Jeannie would make her way to Mr. Lamarque's safe house at 26 Rue Fabert, on the Left Bank near Les Invalides. She would sit down at the kitchen table and write out what she had heard, word for word. "I would absorb it, like a sponge. I wasn't asked to paraphrase, or to understand.

By September 1943, Jeannie had gathered enough information about the V-2 rockets to send a detailed report to England. Mr. Lamarque sent along a foreword that said, in effect: "This material looks preposterous. But I have total faith in my The text of her report appears in the book "The Wizard War," by Reginald Jones, the chief of Britain's scientific intelligence efforts during the war. It helped persuade the British to bomb Peenemunde and to prepare in other ways to meet the threat of the German missiles.

The British were so struck by Jeannie's reporting that they decided in spring 1944 to bring her to London for debriefing. But she was captured with three other French agents in a botched departure from the coastal town of Treguier, in Brittany.

The Germans first took her back to the same prison at Rennes where she had briefly been detained in 1940. This time, her papers identified her as "Madeleine Chaufeur," Amazingly, no one realized that this was the same woman who had been arrested four years before and released. She was transferred briefly to a larger prison near Paris, then sent on to the Nazis' main concentration camp for women at Ravensbruck. When she was at last freed, she weighed little more than 32 kilograms (70 pounds).

Jeannie tried to get on with life after the war. She put her language skills to use as an interpreter for the United Nations and other international organizations. She dodged most reporters and historians, but in 1993 she accepted a special medal from James Woolsey, then the director of the CIA. The citation lauded her "for brilliant and effective espionage, and for courage that is truly awe-inspiring.

War Makes Angola A Postponed Country

New Fighting Creates Humanitarian Crisis

By Lynne Duke Washington Post Service

LUENA, Angola — Zita Camigi fidgets nervously, her gaze cast to the ground, as she tells what Angola's dirty war has done to girls like her.

Kidnapped by UNITA rebels and moved from base to base for four months, Miss Camigi and seven other girls, aged 13 to 19, were used by the rebels for cooking, cleaning and rape. Some of us were used like women," Miss Camigi, 16, explains shyly, days after fighting at a UNITA base gave her group a chance to escape to a refugee camp here. .

With the upsurge in fighting in recent weeks, press-ganging of civilians is not unique to the National Union for the Total Independence of Angola, known by its Portuguese acronym, UNITA, Mothers fear for their sons as the government army seizes young men for forced military duty. Amid so much gunfire that locals thought the war had come to Luena, army troops went house to house in the dark of night last week to search for youths and then sent truckloads of them off to battle -- no doubt as cannon fodder, a diplomat said.

These practices are a testament to the desperation of the Angolan civil war and the failure of diplomacy to solve this seemingly unsolvable conflict, which has ebbed and flowed for more than 20 years. Fighting around key cities in recent months — the heaviest in four years — has shattered the 1994 Lusaka Peace Protocol, set back embryonic efforts to stabilize a brutalized nation and created hundreds of thousands of homeless people in what the United Nations calls a "rapidly spreading humanitarian

The escalation began with a govemment assault this month on the headquarters of the UNITA guerrilla leader Jonas Savimbi. Generalized fighting has broken out since then in other regions of the country. With government troops controlling the towns and UNITA rebels controlling much of the countryside, it is a war that neither side can win decisively, several analysts said, even though each side appears

committed to trying. The conflict's roots go back to well before Angola's independence from Portuguese colonialism in 1975, when separate liberation armies coalesced around regional and ethnic rivalries. After independence, the war became a Cold War proxy fight. The United States supported UNITA, and the former Soviet Union supported the Popular Move-ment for the Liberation of Angola, now the ruling party, under President Jose Eduardo dos Santos.

When the Cold War paradigm broke down in the early 1990s, the fight became a raw quest for power. Today this nation of 12 million watches helplessly as its vast resources --- sorely needed for social improvement — are plundered ever more deeply by more war. Oil revenues fuel Mr. dos Santos's government, diamond revenues finance Mr. Savimbi's rebels, and officials on both sides profit personally from what one. analyst here called a "postponed coun-

So long has war dragged on that, for many, it has become the central feature of Angolan life, its causes obscured by

"I am not able to explain what the war is about because when I was born it: was already here," said Rita Anita, born in 1963. Fed by the World Food Program, which is stockpiling food in Lu-ena in case the town gets cut off, Ms. Anita lives at a sports pavilion now, along with her seven children and 800 other people from her village, Muxilindjindji, who were forced to flee with no belongings this month when UNITA

stormed through.
About 800 kilometers (500 miles) southeast of Luanda, the capital, in sparsely populated Moxico Province. Luena is a faded junction for a railroad ruined by war. It is one of many government-controlled cities that is braced for a UNITA attack. Despite the fear of land mines sown around the town and on roads, it is to Luena that people, including entire villages, are streaming from the hinterlands. About 50,000 people are hunkered down in the Bonns camp for displaced people, as well as at the train station, museum and sports

It is the same in Huambo, Malange.
Kuito and Uige — some of the urban centers where more than 400,000 new war refugees have been counted in recent months, adding to the million-plus people displaced during previous years of war. All told, more than 20 years of war have forced 10 percent of Angolans from their homes and left more than 500,000 dead.

Though Mr. dos Santos's government is not without blame for the resumption of fighting, the United Na-tions says UNITA is largely at fault for the breakdown of the Lusaka accord.

Supervised by the United Nations, the United States, Portugal and Russia. the accord provided a step-by-step for-mula for ending the conflict and integrating the warring parties into a unity

Mr. Savimbi appeared to accept it but cooperated only partially while rearming, remobilizing and retaking one-third of the towns he had ceded to govern-

Several rounds of UN and U.S. sanctions against UNITA — prohibiting traffic in arms, diamonds and oil, as well as freezing its foreign assets and banning members' overseas travel - have had little effect on Mr. Savimbi's military capability.

This month, Mr. dos Santos told his party congress that the government would "conquer a definitive peace" by seeking Mr. Savimbi's "political and military neutralization.

TRAVEL UPDATE

Bad Weather Closes Airports in Greece

ATHENS (Reuters) — Dense fog shuti down Greece's northern international airport in Thessaloniki on Monday, the Athens News Agency reported.

One flight from Athens to Belgrade that was due to stop in Thessaloniki was canceled, the agency said. An Athens-London and an Athens-Munich-Stuttgart flight went ahead, but skipped a scheduled stop in the northern Greek city. Greek radio reported that local airports in Florina, Kastora and Ioan-ning were also closed by bad weather.

Arc de Triomphe Staff Strikes for Third Day

PARIS (AFP) - The Arc de Triomphe, one of the most popular tourists attractions in Paris, was closed for the. third day Monday due to a strike by staff. Staff walked off the job Saturday demanding extra personnel to help visitors.

artur.

"Auto

and ensure security. The strike is the latest to hit a string of Paris monuments and museums in the past weeks, including the Musee d'Orsay, the Louvre and the Grand Palais.

TWA Cancels Flights

ST. LOUIS, Missouri (AP) — About 20 Trans World Airlines flights were canceled Sunday after a "sickout" by flight attendants forced the airline to cancel more than 200 flights during the holiday weekend.

Dozens of disgruntled flight attendants had called in sick, paralyzing the airline's St. Louis hub on Christmas Evel and Christmas Day. The flight attendants are seeking a new contract that would bring their wages closer to those at other major airlines.

The Indonesian government: is: planning to shut down 54 remote airports throughout the country in a move to lower costs because of the economic crisis, according to news reports. There, are 158 small airports in remote areas: throughout the sprawling archipelage nation of 17,000 islands.

7 Killed as Harsh Winds Lash Britain and Ireland

DUBLIN - Violent storms killed seven people in Britain and Ireland over the weekend, and strong winds were set to return, officials

power Monday after the worst damage in 35 years. Meteorologists in Dublin

said strong winds would return Tuesday but they were stored to 100,000 homes in havoc of the weekend storm,

Ireland, but 60,000 house- when winds reached 109 after his car hit a fallen tree. holds remained without miles (177 kilometers) an hour in County Donegal -Debbie in 1961.

Electric service was re- unlikely to cause the kind of when a tree fell on his car in western Ireland. His girl- a fallen tree blown down by friend survived the accident.

A 29-year-old man died in swept away in southwestern Donegal after falling off a Britain by river floodwaters. ladder while trying to repair a

Police in Northern Ireland near Belfast died Sunday and rain.

At least four people died in Britain after gale-force winds the strongest since Hurricane swept the country. Two men were swept away by high seas Michael Joyce, 26, a rising in southern Britain, a 5-year-star show jumper, was killed old boy was killed when his family's car swerved to avoid the winds, and a man was

Several thousand homes in northern Britain and Scotland were without electricity Monsaid a 24-year-old man from day after two days of gales

200 pc 124 pc 124 pc 124 pc 124 pc 125 pc 12

WEATHER orecast for Wednesday through Friday, as provided by AccuWeather. North America

Windy and turning colder Much of Europe will remain later this week from Chicago and Toronto to hew this week. A stormy pattern york City and Washington, in western areas will result the Great Lakes, the wind in London, Paris and weather will be dry. The cooling will reach south to Florida and Texas while and maybe Rome. Moscow with her weather will be dry. The cooling will reach south to Florida and Texas while California is dry and mild. few showers are possible in Shanghai and Tatwan. Hong Kong and Harol will by dry and seasonable white Singepone is not and muony with some showers. Drenching showers or thursdessoms are possible in Maribe.

North America

Latin America
Brence Aires 25/77 p
Concas 26/75 22
Lism 28/77 2
Mexico City 22/71
Mexico City 28/84 2
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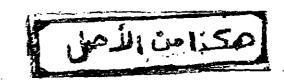
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Middle East



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THE AMERICAS

University of Chicago's Halls of Academia Search for New, Modern Identity

By Ethan Bronner New York Times Service

CHICAGO — Ever since its creation on the South Side of Chicago in 1892 with a pile of Rockefeller money and a group of top-flight scholars, no academic institution has exemplified intellectual seriousness quite like the University

of Chicago.
More Nobel Prizes — 70 — have been awarded to professors and students here than at any other university; its faculty famously declined to grant Queen Elizabeth II an honorary degree because of creation and service facilities. her lack of scholarly credentials; its un- "I don't know how many su

But with the increasingly common view of colleges as stations for employment credentials, students as customers, and learning for its own sake as a quaint idea whose time has passed, the University of Chicago is in the midst of a painful identity crisis, closely watched by educators across the United States.

Partly to make the university more attractive to high school seniors, to make it seem less of a grind, it is reducing its core curriculum and increasing its re-

"I don't know how many students we dergraduates take two full years of pre-scribed core courses, including calculus seek the life of the mind," said Michael

and physics and a tough set of human-ifies and social-science classes.

Behoke, a new vice president hired to is among the best-known examples, improve marketing and recruitment.

But Chicago, where Robert Maynard "Kids aren't sure they can lead a balanced life here. My job is to convince them that

they are not joining a monastery."

Those are fighting words to some at Chicago who consider the university's cloistered approach to learning and its to accommodate changing fashions. insistence on a tough common core to be its sources of pride and mission in a world

of increasingly instant gratification.

Many colleges have gone through versions of this debate at different times. In the late 1960s, a number of colleges greatly reduced their core curriculums to make room for less traditional courses and more individual tailoring. Brown University, which has no core requirements.

Hutchins, an American educator and former president of the university, re-relatively high dropout and transfer rate invented undergraduate education in the and a crumbling physical infrastructure 1940s, likes to think of itself as marching to its own drummer rather than shifting

"Why change Chicago's academic fabric, its uniqueness, which is its appeal, and make it like any other institution?" said Bradley Henderson, 19, a secondyear student from Cincinnati who plans to focus on English and international relations. "Why not market that, accentuate that? They're putting their emphasis on issues on which we can't compete." The problem is that applications and

endowments may be skyrocketing at city. You can only smooth some of its "hot" universities like Brown and Duke, rough edges. Of course, we want some but Chicago is facing few applicants, a students who will join the Junior

crying out for big expenditures.

In the hope of improving its finances through tuition payments now and alumni giving in years ahead. Chicago is in- Even its most ardent reform advocates creasing its undergraduate population by 1,000 students, to 4,500, over 10 years. Some of those who consider Chica-

go's size and curriculum to be appro-priate say they worry about the kind of school the changes will make it.

Bertram Cohler, a professor of psychology and education, put it this way: "This is a dirty, intense place in a grubby

requires change. Curriculum design at Chicago is a contact sport, and that is just as it should be," said Hugo Sonnenschein, the president of the university for the past five

League, but also those who don't shave,

have bloodshot eyes and read Kierke-

Nobody at the university opposes reading Kierkegaard at 3 in the morning.

say they are seeking to ensure Chicago a

long and healthy future, to preserve, not destroy, its rigor and unique intellectual

environment. But to do so, they say.

gaard at 3 in the morning."

"Chicago has a special role and re-sponsibility because it has a reputation as embodying what a great university should be," he added.

But the commodification and marketing of higher education are unmistakable today, and we can't jolly dance; along and not pay attention to them. One hears constantly from parents and students: 'We are the consumer. We pay the

The increase in the student body and the trimming of the common core are emotionally charged issues because they are seen to strike at the heart of the university's mission.

The outgoing common core includes eight quarters of science and math, seven of humanities and civilization, three of social sciences and three of a foreign language, for a total of 21 courses. This means that the curriculum of a student's first two years is essentially predeter-

After a bruising debate, the reduction, to go into effect in September, is relatively minor — down to 15 or 18 courses, depending on final determination of the foreign-language requirement. The change will mean that instead of . accounting for half of a student's course

work, the core will take up a third. This, according to John Boyer, dean of the college, will allow time for study abroad, something Chicago has never advocated in the past.

"We used to have the notion that there was no greater educational experience than to be on the Chicago campus," Mr. Boyer said, "Now, we are hoping to get one-third to one-half of those graduating to be fluent in a foreign language by urging them to spend time abroad.

Leora Auslander, a professor of history and director of the new Center for Gender Studies, said she would like the core to have been cut further so that students would have a chance to examine new fields of inquiry, like gender studies.

"There is no danger of the University of Chicago becoming less demanding,"
Ms. Auslander said of the notion that reducing the core curriculum meant less rigor. "The danger I worry about is it becoming an anachronism.

Mr. Sonnenschein said he had instituted a number of other changes to make Chicago more in keeping with students

He gave as an example his push to improve career-placement services.

Until recently, he said, the office was pitifully inactive, an approach that he said was like "sticking a finger in the eye" of parents paying thousands of The blot of impeachment will always dollars yearly for their children's edufessional futures.

POLITICAL

Political Donations Flying in New York

NEW YORK - More money than ever is pouring into New York state and local election campaigns, but the system of regulating these funds to carb their influence on politics and policy has all but broken

Porous laws, feeble enforcement and a political class increasingly adept at sidestepping the rules have left the system with few constraints; even by comparison with those of other states and the federal government, according to a review of campaign documents and interviews with elected officials and others.

New York has rejected many of the laws adopted elsewhere, from bans on donations by corporations and labor unions to publicly financed campaigns. An analysis of contests this year, the most expensive in state history, shows a virtual free-for-all of donating and spending.
The financier Ronald Perelman

channeled more than \$200,000 over two days in August to Governor George Pataki's campaign, using a common loophole to give more than seven times the legal limit for an individual donor.

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A Long Island company, Silverite Construction, gave at least \$20,000 over the legal limit — just as it was awarded a \$97 million state contract.

The company was not punished. In spring, a Kentucky-based manufacturer of computer printers, Lexmark International, donated \$45,000 to three Republican committees while it was trying to defeat a bill that threatened its business. The legislation died in the Republican-controlled state Senate. The money, said a company spokesman, Im Joseph, "helps you get some-one's attention." (NYT)

U.S. Bureaucracy Numbers 17 Million

WASHINGTON - Nearly 17 million people directly and indirectly work for the U.S. federal government, about eight times more than the typical head count used to describe the size of the bureaucracy, according to research by a Brookings Institution scholar. The estimate of a total federal work force comes from Paul Light, director of the Center for Public Service at Brookings, who has studied government operations and reform efforts for several years.

In calculating the government's size, using 1996 data, Mr. Light began with 1.9 million full-time civilian federal workers and added in 1.5 million uniformed military persongel and 850,000 Postal Service employees. He then measured the socalled shadow workers who act on behalf of the federal government. Mr. Light figured that the government's \$200 billion in contracts in 1996 created 5.6 million jobs, its \$55 billion in grants created another 2.4 million jobs and its regulatory mandates encombered 4.7 million jobs in state, county and city governments. (WP)

🐞 Quote/Unauote

The former White House spokesman Michael McCurry on finding suitable punishment for President Bill Clinton beyond impeachment: "For someone who loves the presidency and loves that White House and is a student of it, that will hurt him a lot forever when he's down in Linle Rock at his library."(Reuters)

Away From Politics

 Southern sea otters appear to be diminishing in number at a rate that perplexes scientists. A survey by the biological resources division of the Geological Survey showed 1,937 otters along 300 miles (500 kilometers) of the central California coast, a 12 percent decrease since autumn 1997. (NYT) (NYT)

• More than 750 people were quarantined after the police recerved a call claiming that the deadly bacterium anthrax had been released in a popular Pomona nightelub in suburban Los Angeles. But the call is believed to be the sixth anthrax hoax in the area in two weeks, officials said. (LAT)

• Four days after an ice storm crippled electrical service across the South, about 93,000 homes and businesses, mostly in central Virginia, had no power, and at least 17 localities had declared states of emergency.



By Tim Weiner New York Times Service

WASHINGTON - President Bill Clinton's impeachment trial will proceed, but the likely result will be censure, not conviction and removal from office, according to several senators.

"We'll have a trial and there will be censure and then, God willing, there'll be closure," said Senator Daniel Patrick Moynihan, Democrat of New York. Senators making the talk-show rounds Sunday said in varying ways that

a trial was inevitable, and some said a vote on the two articles of impeachment passed by the House of Representatives must take place. But none of them expressed the belief

that Mr. Clinton could be convicted by the constitutionally required two-thirds majority of the Senate, or 67 votes.

"We're going to have to probably begin the trial," said Otrin Hatch, the Utah Republican who is chairman of the Senate Judiciary Committee. He added, "At that point, I think if our colleagues on the other side show that there are at least 34 people who will never vote for impeachment or conviction," the best option would be censure. "I don't think anybody would deny the

statement that we probably don't have a two-thirds vote to convict the president," said Mr. Hatch, speaking on CBS. "Then it seems to me we're going to have to do what is the next best thing, and that is point out to the American people how really had his actions were.

The Senate minority leader, Tom Daschle of South Dakota, said on NBC that there was "a sense among many senators that while the offenses may not reach the impeachable level, there is some sanction that should be applied here, some form of punishment, and censure is a very serious, very historic and rare, form of punishment that ought to be considered."

trial, which has taken place only once in U.S. history, was likely to end in Mr. "There's no reason for this to take Clinton's conviction and removal from three to six months," Mr. Hatch said. "It

propriate time to consider a censure, Senator Mitch McConnell, Republican of Kentucky, said on Fox Television. "As- clear to me that we have to put on a sort suming neither of those articles pass," he of public show trial and bring all of these were passed in a vote along party matter what course the Senate takes.



President Bill Clinton and Hillary Rodham Clinton chatting with Yeni Wong, owner of the Golden Palace restaurant, after eating hunch in Washington. The Clintons then took a stroll and greeted people along the street.

gotiate the censure alternative.

Mr. Hatch and Mr. McConnell both

"We ought to vote on these articles of I don't see any reason to call those witimpeachment, and then that is the apnesses. I think the president has already admitted to some very terrible things."

Mr. McConnell said, "It's not at all

before the American public."

said that a trial involving lengthy and of Louisiana, said that "a long-drawn- House vote. All are aware of the pre-No senator predicted that the extraordinary business of putting a president on
by witnesses like Monica Lewinsky and
out trial complete with witnesses ends up
should be brought to a close. punishing the country more than it punishes the president.

The sentiment among many Democould, if people start calling witnesses, but crass in the Senate is in favor of censure. where he can atone for what he has done, Many senators on both sides of the aisle have said they want some form of trial on is due," the president's former spokesthe charges of perjury and obstruction of man, Michael McCurry, said.

ASIA/PACIFIC

rather infamous characters in to testify lines by the House of Representatives. Some have said they feel obliged to And Senator John Breaux, Democrat take the matter to trial following the

"I think the American people have and parents' expectations. told us that they want some place where Bill Clinton can be held accountable, where he can get the punishment that he

justice stemming from the president's The blot of impeachment will always dollars yearly for their children's edu-relationship with Ms. Lewinsky, which be with Clinton, Mr. McCurry added, no cation and worrying about their pro-

BRIEFLY

Hun Sen Urges Welcome for Pol Pot Aides

By Seth Mydans New York Times Service

PHNOM PENH — Defying international pressure to parkey leaders of the Khmer Rouge on trial, Prime Minister Hun Sen said Monday that they should be welcomed "with bouquets of flowers, not with prisons and handcuffs."

Preparing to greet two of the last Khmer Rouge holdouts, Khieu Samphan and Nuon Chea, at his home Tuesday, Mr. Hun Sen said a trial would only reopen old wounds and lead to possible instability.

"We should dig a hole and bury the past and

look ahead to the 21st century with a clean

Both of the defectors were at the very top of the Klimer Rouge hierarchy from 1975 to 1979, when more than 1 million people died. They are among the last of the movement's leaders to give up the struggle, and Mr. Hun Sen did not rule out a future Khmer Rouge trial, saying it was an issue for the judiciary - which he controls rather than the executive branch to decide. The defections of Mr. Khien Samphan and

Mr. Nuon Chea leave only one major figure at large, Ta Mok, known as "the Butcher," who seems to be as impopular among his comrades as he is among his enemies. Mr. Hun Sen said

Monday that he would extend no welcome to Mr. Ta Mok. The main Khmer Rouge leader, Pol Pot, died in April. If the last two defectors. along with earlier ones like the former Khmer Rouge foreign minister, leng Sary, are not brought to trial, Mr. Ta Mok — if he is captured - could be the sole Khmer Rouge figure to be held accountable.

This is not the way Mr. Hun Sen has talked in the past. In June 1997 he signed a formal letter requesting help from the United Nations in preparing for a trial for crimes against humanity. In an interview this weekend, Thomas Ham-

marberg, the UN official who monitors human rights in Cambodia, said Mr. Hun Sen had repeatedly assured him that he planned to proceed with a trial. "He said, 'I agree completely that there must be justice," Mr. Hammarberg said. "'I promise you that no one will be spared.' He told me this several times.

It is only in the past two months that Mr. Hun Sen has achieved full control of the Cambodian government, after years of struggle against political opponents. His stance Monday seemed to reflect a desire to avoid situations that could get out of control. In addition, his words echoed a widespread

feeling among many Cambodians who are exbansted from decades of conflict and prefer not

to stir up the demons of their past.

"If a wound does not hurt, you should not poke at it with a stick to make it bleed," Mr. Hun Sen said. "If we put these two men in prison, will this benefit society or lead to civil war?' This sentiment clashes with a strongly held belief outside the country that ignoring a wound

until it is treated, even if the cure is painful.

Foreign human rights workers, along with some Cambodians, argue that a "culture of impunity" that has its roots in the unresolved cases of Khmer Rouge leaders is to blame for much of the country's lawlessness and vi-

will not make it go away and that it cannot heal

In Washington, a State Department spokes-man, Lee McClenny, said Sunday, "Justice in Cambodia has been long delayed but must not now be denied.

Sidney Jones, Asia director of Human Rights Watch, said in Washington that Mr. Khieu Samphan and Mr. Nuon Chea could be pardoned after a trial in the interest of national reconciliation if that is what Cambodians choose. "But," he said, "to allow these men to return to society as if one of the worst massacres of the 20th century never took place that's unthinkable."

Mr. Noun Chea, 71, who was "Brother Number Two" under Mr. Pol Pot, and Mr. Khieu Samphan, 67, who was the official head of state, came in from the cold Saturday and joined a community of defectors in the remote

Both had spent most of their lives as revolutionaries, alongside Mr. Pol Pot. Mr. Khieu Samphan, the public face of the movement, returned to Phnom Penh once before, in 1991. and was attacked by a mob organized by Mr. Hun Sen's government, Mr. Nuon Chea was the man whose idea of creating a primitive agrarian society led to the forced evacuation of the cities and the massacres of the country's educated classes.

A large number of former Khmer Rouge leaders are now nominally within government control in Pailin and elsewhere and are available for capture and trial, after more than two years of defections.

But Mr. Hun Sen said the two latest defectors should be greeted with an embrace for giving up the fight. "They will not come tomorrow with the political and military agenda of the Khmer Rouge," he said. "They will come as simple citizens, bringing their wives and children and grandchildren. There's nothing for anyone to worry about."

JAKARTA - Mobs armed with sickles and swords banled each other and hurled gasoline bombs at buildings in an Indonesian town on Monday. At least 22 people were injured, and hundreds of residents fled their homes.

Violence in 2 Indonesia Towns

In a separate incident, policemen in Deli Serdang on Sumatra island fired plastic bullets at peasants who were arguing over cultivation rights with the owners of a stateowned farm. At least six people were injured.

The riots by sword-carrying mobs in the town of Poso on Sulawesi island were touched off by weekend brawls between rival gangs of youths. The unrest escalated partly into attacks on the homes of migrants from the main island of Java. But the motive for much of the violence was unclear, with mobs attacking stores and bouses at

Talks on Japan Coalition Stall

TOKYO — Cracks widened in a deal to form a coalition government Monday, when a top opposition leader said the governing party was not serious about

The governing Liberal Democratic Party and the opposition Liberal Party had been expected to wrap up a coalition deal soon. But the talks have stalled over how far to expand the participation of Japanese troops in missions backed by the United Nations. The LDP wants to limit Japan's military to logistic support, while the Liberals want

to let troops participate more fully in UN operations.

Ichiro Ozawa, the leader of the Liberal Party, suggested that the LDP lacked the will to complete an agreement with the opposition. The dispute forced the postponement of a meeting between Mr. Ozawa and Prime Minister Keizo Obuchi. (AP)

For the Record

A mob torched a Pentecostal prayer hall in western India amid a spate of violence against Christians, the police said Monday. Some Christians blame extremist Hindu activists for the attacks on churches and a missionary school in Ahwa, some 280 kilometers (175 miles) south of Ahmedabad. The World Hindu Council denied any role in the attacks and said forcible religious conversions had provoked the violence.

Pakistani authorities blocked former Prime Minister Benazir Bhutto from traveling to Dubai on Monday to visit her children, saying she could not go abroad because of corruption cases against her. She said she would file a contempt suit against the government because there is no order banning her from leaving the country.

Jailed Activist Sees Pluralism in China

said Monday that the ruling Communist Party's grip on power was doomed. Political pluralism is "historically inevit-

able," Xu Wenli said in the statement written as

be met his lawyer. "No individual or political power can prevent this." The statement, for presentation to the appeals detention center by the lawyer and handed to his

wife, He Xintong.

After his signature and the date, Mr. Xu wrote: "Penned in handcuffs." His wife said he jotted down the message in front of his lawyer while guards stood nearby.

Mr. Xu, 55, was one of three founding mem-

bers of the Chinese Democratic Party handed heavy jail terms last week after summary trials. He was sentenced to 13 years in prison. Qin station. Yougmin was jailed for 12 years and Wang Youcai for 11 years.

"My so-called open trial was, in truth, noth-BEUING — In a statement from prison, a ing more than a means for political persefounder of the banned Chinese opposition party
cution," Mr. Xu's statement said. "So, I shall not give a fleeting thought to this 'judicial process' or answer any questions put to me by the prosecutor or courts. "Second, I shall not act in my own defense. Third, I will not appeal. This is a silent protest

over my political persecution." Mr. Xu said the party had taken its place on court, was carried out of Mr. Xu's Beijing the Chinese political stage in an "open and rational manner."

Separately, the wife of a labor activist said her husband, who was imprisoned for 10 years Sunday for passing information to the U.S. government-backed Radio Free Asia, had been

convicted on trumped-up charges.

Zhang Shanguang was sentenced at a closeddoor hearing for giving details of protests by farmers in central Hunan Province to the radio

"The trial was not at all fair," said his wife.

The Saddam Problem

recidivist, it might be possible to fashion a less confrontational approach to restrain Iraq and prevent it from producing and using weapons of mass destruction. Pressure to ease up is building on the Security Council following the American and British air strikes this month. But the dangers of relaxing the international grip on Iraq are too great to consider the kinds of changes proposed by France and Russia, including a lifting of economic sanctions.

Unhappily, there is no ideal Iraq policy at this point. The air attacks were a crude though necessary instrument for controlling Baghdad's weapons. once it became clear that on-site inspections were no longer effective. But without further outside intervention, Iraq should be able to rebuild weapons and missile plants within a year. If inspectors are unable to resume work, future military attacks may be required to diminish the arsenal again.

· A purely diplomatic solution would be preferable, but no one has devised a workable plan for dealing with a dic-tatorial regime in Baghdad bent on terrorizing its neighbors as well as its own citizens. It is hard to negotiate with a tyrant who has no intention of honoring his commitments and who sees nuclear, chemical and biological weapons as his country's salvation.

The French foreign minister, Hubert Védrine, proposes to deal with Saddam Hussein by rewarding his belligerence.

If Saddam Hussein were not such a Mr. Védrine would dismantle the present United Nations inspection program and replace it with one more acceptable to Iraq's friends on the Security Council, then lift the embargo on fraqi oil sales. Firing Richard Butler, the chief weapons inspector, and allowing Iraq to replenish its treasury with billions of dollars in oil revenue, sounds more like a strategy for winning France new business opportuni-ties in Iraq than for restraining Saddam. Russia would also like to see the Security Council lighten sanctions.

Any approach to Iraq that depends on Security Council unity is destined to be weak. While France seeks trade, Russia hopes to collect money it is owed from arms sales to Baghdad a decade ago. China is indifferent to Iraqi threats. The United States and Britain may soon be left with no choice but to veto a move to reduce or lift sanctions, with the prospect of enforcing an unpopular oil embargo.

The Clinton administration should not paper over the difficulties ahead by talking casually about finding new leaders for Iraq. The Saddam problem is not likely to be fixed by giving millions of dollars to disorganized and divided Iraqi opposition groups or by beaming unceasored radio broadcasts into Iraq. There is no painless way to deal with Iraq. If there were, Saddam Hussein would not have managed to remain in power for 19 years of brutal rule. —THE NEW YORK TIMES.

Failure in Lebanon

Another burst of Israeli-Lebanese border violence has taken the lives of civilians on both sides — the Lebanese losses the result of military accident, Israelis claim, and the Israeli losses the result of acknowledged Hezbollah vengeance. It is a small comer of a broader struggle but a bloody and neuralgic corner.

In this phase of the violence, the Israelis set up a turncoat Lebanese warlord as a partner in protecting their northern border. The connection gave Iran a target for its extremist Hezbollah clients. The connection also gave Syria_ which owns Lebanon, an easy place to bleed Israel for Syria's own bargaining purposes. Israel offers with-drawal if Lebanon will guarantee its security, but the Syrians do not want a quiet Lebanese border. They want full Israeli withdrawal from southern Lebanon and from the whole occupied Golan Heights. Israel has wobbled on territorial return; Syria has yet to offer the price in security and normalization that Israel demands.

American-brokered peace talks between Israel and Syria were suspended in 1996 and have not stirred visibly

since. For Israel, dealing with the Palestinians offered a more urgent and promising prospect.

The latest military activity in southem Lebanon, however, may be Middle East code for a demand by Syria to come back in out of the diplomatic cold. Another sign of Syria's impa-tience — and extraordinary crudity may lie in the recent mob invasion. obviously officially inspired, of the

American Embassy in Damascus.

Lebanon, potentially the only Arab democracy, would in good times be a likely partner of Israel, the only Mideast democracy. Syria forbids it. Still in Israel there is increasing though minority favor — some from hawks such as Foreign Minister Ariel Sharon - for a unilateral pullback from Lebanon's south. The rationale would be to deny Hezbollah a target, Lebanon a grievance and Syria a pretext. Security violations would not be ignored but treated also unilaterally.

The old way of sponsoring and conducting a military presence in the south of Lebanon has been tried for 20 years,

-THE WASHINGTON POST.

Sense in the Senate

more than a week to ponder the articles of impeachment against Bill Clinton, it has already done much to restore a sense of proportion and reason to the case. Bipartisan sentiment seems rapidly to be gathering around the idea of strongly censuring Mr. Clinton rather than removing him from office, and doing so with dispatch when the new

Congress convenes next month. Reaching that outcome will require the cooperation of the White House and strong leadership in the Senate to prevent the impeachment case from being kidnapped by conservative Republican senators who would like to drive Mr. Clinton from the White House against the public will.

Senator Daniel Patrick Moynihan, a student of the constitution, has provided that kind of leadership with an astute analysis of the case. He rightly reasons that Mr. Clinton's misconduct, while deserving condemnation and punishment, does not reach the level of high crimes set by the framers for removal of a president by Congress. He also argues wisely that the cavalier use of impeachment would destabilize the institution of the presidency, an office vital not only to American governance but to world welfare as well. Coming from a man who has not hesitated to part company with Mr. Clinton on numerous occasions and is not seeking re-election, this advice ought to carry great weight with the Senate.

Managing the unusual set of legal and political issues facing the Senate will not be easy. Although Senator

Although the Senate has had little Robert Byrd has advised colleagues to than a week to ponder the articles that the constitution does not require them to conduct a full trial of the charges, most senators favor opening a trial. That now seems likely to happen in January, with other Senate business set aside until the case is resolved.

A motion to suspend or end the trial can be made at any time and approved by a simple majority vote. Conviction and removal from office takes 67 votes. Finding the right moment to adjourn the trial will be a delicate and critical decision for those who favor censure, and will require at least six Republican votes if the Senate's 45 Democrats are united.

At some point Mr. Clinton must decide whether he wants to press for a full trial, anticipating acquittal but risking the possibility that the case would veer out of control, as it did in the House. As of now there are not enough votes to convict, but nothing about the Lewinsky case has followed a familiar script.

The White House can contest the proceedings at every turn, and certainly has a legal right to do so. Mr. Clinton's aides can seek a month's delay once a trial begins, so that the White House can prepare a defense. Once the presentation of evidence commences, Mr. Clinton will be well within his rights to contest the facts and legal theories offered by the prosecution team composed of House members. But Mr. Clinton's political interests and the country's need to resolve this crisis would be ill served by a legal strategy of delay and resistance.

-THE NEW YORK TIMES.

Tell the Sex Snoopers to Mind Their Own Business

WASHINGTON — What can Americans do to transform the messiness of 1998 into the improvement of our national life in the new year? How can we make lemonade out of this lemon of a presidency?

Step One is well under way: After House impeachment and Senate action. no high official will be tempted to lie under oath or obstruct justice again soon. Step Two has yet to be addressed: At the root of Bill Clinton's undoubted criminality is a bad law.

Needed is change in civil rights and sexual harassment litigation to enable the accused to assert a new "citizen's privilege" - to refuse to involve third parties in an accuser's attempt to prove a pattern of harassment. If forced to confess as a condition of continuance, Mr. Clinton can claim to be a martyr to his civil disobedience.

Step Three is to practice a longoverdue social jujitsu. We must use the force of the public's revulsion at the excesses being committed by the exposers of adultery to stop the crosion of personal privacy in public life.

For daring to expose the real crimes committed to cover up moral transgressions, political figures are being "outed" for their adultery — as if marital infidelity were equivalent to the

By William Safire

and crime is public. To pretend otherwise for political or commercial gain is the height of hypocrisy.

As an avowed libertarian conservative, I come to this assertion with

The adultery question, unless it deals with a crime, ought never to be asked.

nonpartisan hands. My privacy epi-phany came after being wiretapped in the Nixon era.

I deplored the use of divorce testimony to savage John Tower, defended Democratic Senator Gary Hart and Mayor Marion Barry from lip-smack-ing sex entrappers; assailed the at-tempted radical-ferminist lynching of Clarence Thomas; and denounced the Senate's unprecedented rummaging through Bob Packwood's personal diaries at the insistence of a sanctimonious Nevada "ethicist."

We privateers now face a danger crime of perjury. It is not. Sin is private from a combination of sin-seekers on never to be asked.

the right and hypocrisy hypocrites on the left. Today, adulterers are the targets of choice. Tomorrow, the hypocrimoralizers will demand answers from female candidates about ever having had an abortion; from youthful candidates about masturbation; from the unmarried about ever having had homosexual thoughts; and from the purest of the pure about how they can condone their own children's premarital sex.

Do we really want to pit truthful cumchs against normal liars? One way to help slow this trend is for journalists who do their job of exposing financial and political corruption to

look with disdain on those pornalists who march in lockstep with the morality cops. And for family media to refuse to recycle uncritically the linen of sex-hungry media.

We need the aid of public figures in

this. In the 1980s, a reporter from a responsible newspaper asked Gary Hart the naked question "Have you ever committed adultery?" The candidate, with a stricken look on his face, said that he thought nobody should be required to answer such a question. În 1992, Mr. Clinton found a cre-

ative way to slip past the question. Mr. Hart was right. The "A" question, unless dealing with a crime, ought

But since it will be, what should the answer be? The response I suggested then has merit today: an aggressive, offended "Go to hell!" (Because the word "hell," unless

used to mean the domain of the devil, is stylistically frowned upon at The New York Times and other family-friendly publications, I will amend that to a vigorous "Leap in the lake!" or a genteel "Mind your own business.")

The rationale is this: When an absolutely faithful spouse boasts "I have never straved." he or she puts pressure on all other candidates to violate their

families' privacy or to lie.
Such bragging rewards sexual snoopiness, and encourages the pornalists' descent into questions shudderingly described above.

When Dan Quayle volunteered assurance of his never-wavering fidelity on national television recently, he thereby unthinkingly undermined the civil liberty of fellow candidates. Dan, a good man, ought to be ashamed of himself, as should any other nonsinner who slyly encourages such intrusive

questioning.

Professions of purity pollute our politics. Don't brag; don't lie; just assert your "citizen's privilege" and don't make news with an answer.

The New York Times.

Climate Change: To Save Ourselves, Save the Forests

By Claude Martin

GLAND, Switzerland — What are we to make of havior of humankind. The fires the year that is coming to its end when we consider the state themselves are mostly manof our planet? For many, 1998 made. They are lit to clear trees will be remembered as the year so that land can be used for of the fires, floods and huragriculture or other purposes.

Thousands of people have died and catastrophic damage has been caused by torrential rain and exceptionally violent storms. As for the forest fires that swept parts of Asia and Latin America, the full extent of the destruction is only now beginning to be revealed. The common factor in all

these disasters is the global climate. This is particularly noticeable in the case of forests. Their distribution has always

been influenced by climatic conditions.

During the glacial periods, which were cool and dry in the tropics, rain forests shrank to small "refuges." Often the agents of their demise was fire. Moist tropical forests become prone to burning when the leaf litter and undergrowth dries up after unusually long periods of drought, and fire spreads from surrounding grasslands.

Today we are again seeing the frequent incidence of long dry seasons in the tropics. Once more, fire has begun to play a for a vote until the Senators' latest example of a larg time it is not simply the fact that countries be brought into the we are confronted with climate change, and change much more because it is driven by the be- countries at the recent meeting as a laggard rather than a leader

The Hadley Center for Cli-

mate Change in Berkshire, England, has calculated with its super-computer that unless things change, parts of the Amazon rain forest will turn into desert in the next half-century. That will add to the greenhouse glob-al warming effect that we are result of timber exploitation and now learning to fear and start-Amazonia, West Africa and ing to try to reverse.

There is a terrible irony in the center's pronouncement that in the wake of the 1998 fires the forests have already become a

net producer of carbon dioxide, the greenhouse gas that experts around the world now agree must be reduced. One of the hopes of industrialized nations that have been reluctant to take drastic action to cut carbon dioxide emissions is that forests might provide a partial solution

by absorbing the gas.
Policymakers need to wake up to the fact that there is no alternative to action that will reduce the concentrations of greenhouse gases in the atmo-

At the same time, they must International Herald Tribune.

accept that moves to stop the destruction of forests, and to conserve and manage them sustainably, have a role to play in controlling climate change Instead of clinging to the for-

lorn hope that the trees will save us, we have to help ourselves bysaving the trees.

The writer, director general of WWF International, formerly the World Wide Fund for Nature, a nongovernmental environmental monitoring group, contributed this comment to the

Eco-Isolationism Hurts the Environment

By Hilary French

WASHINGTON — When a last-minute deal was struck a year ago in contentious climate change talks in Kyoto, Japan, environmentalists breathed a sigh of relief. It soon became clear that celebration With the ink not yet dry on the Kyoto accord, U.S. senators

were already pledging to block ratification of the agreement. The Clinton administration bowed to this reality by agreeing not to submit the protocol accord are met.

With the increasing frag-

mentation of forest areas as a

clearance, fires are pushing

back tropical forest fringe in

Southeast Asia at increasing

speed. If that continues un-

checked, the world faces deeply

alarming consequences.

in Buenos Aires of the confer- in the international environence of the parties to the climate treaty, and agreed to accept vol-untary emissions targets. But populous countries such as China and India showed no inclination to follow suit. There is thus little chance that the accord will even be put to a vote in the U.S. Senate before the presi-

dential election in 2000. The problems plaguing the Kyoto protocol are just the key role in the forests. But this demands that key developing tern of American eco-isolationism. Environmental threats rank increasingly high as in-Argentina and Kazakhstan ternational security issues, yet rapid than in the glacial ages broke with other developing the United States is widely seen

mental arena. The Kyoto protocol was a follow-on to the Convention on

Climate Change, a product of the June 1992 Earth Summit held in Rio de Janeiro under United Nations auspices. The other major accord reached in Rio, the Convention on Biological Diversity, has so

been approved by 174 other countries. Recent warnings from leading scientists that we are in the midst of an era of mass extinction of species underscore the urgent need to translate this accord from words into action. The Rio summit also set in

motion negotiations for a treaty on describination that is intended to prevent the further degradation of arid lands, usually as a result of poor agricultural practices, overgrazing or deforestation.

More than a billion bectares of arid lands are aiready degraded worldwide, an area greater in size than China Hundreds of millions of people suffer the consequences, which can include malnutrition, forced migration and economic ruin.

The United States has so far refused to join the 144 countries that have become parties to this accord since it was completed in early 1994. President Bill Clinton used his trip to Africa in the spring to urge the Senate to ratify the descrification treaty, but the Foreign Relations Committee chairman, Jesse Helms, failed to bring the accord forward for a vote.

The United States has also not yet joined the 128 countries that have ratified the 1982 Law of the Sea Treaty, or the 122 countries that are party to the 1989 Basel convention on the export of hazardous wastes.

Recent polls indicate that the Senate's eco-isolationist stance does not reflect public opinion. On global warming, for example, a Harris Poll found that 74 percent of Americans who knew about the Kyoto protocol said they approve it. Other polls. have found a high level of public support for cooperating through the United Nations to combat shared threats.

The business community is far failed to pass muster with the of mixed mind when it comes to U.S. Senate, although it has international environmental engagement. Strong business opposition can stop environmental freaties in their tracks, but a growing number of American companies are beginning to understand that their interests are better served when the United States has a seat at the international table. Charles Johnson, president

of the seed company Pioneer Hi-Bred International, said in calling for ratification of the biodiversity treaty in hearings before the Senate Finance Committee: "This is too important a treaty ... to have our government on the sidelines as protocols are negotiated." In a similar vein, British Petroleum and Shell have recently withdrawn. from the obstructionist Global-Climate Coalition.

Successful environmental diplomacy requires a cooperative, multilateral approach rather. than the unilateral model that predominated during the Cold: War. The U.S. Congress must accept this reality if America is to play a leading role on the international environmental stage — and if the world is to stave off catastrophic environmental damage.

The writer, vice president for research at the Worldwatch Institute, a nongovernmental: monitoring group, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Cannibals Slain

BRUSSELS — The Bunjas cannibal tribe of Upper Ubanghi, which killed and ate four Beigian agents and their black escost on the borders of the River Mogolla, have been punished. A Belgian expedition went out with 350 negro troops of the Congo State, and, having met them in the open, to the number of 3,000, all well armed savages, finally routed them after an obstinate fight. Hundreds of cannibals were killed, and the battlefield was covered with shields, lances and cartridges.

1923: Klan Threat

WASHINGTON — Edward Young Clarke, formerly a financial wizard of the Ku Klux Klan, who, following his indict-ment for violation of the White Slave Act, was ousted by Imperial Wizard Evans, has pub-lished an open letter to President

Coolidge urging the President totake steps to regulate drastically the Klan's activities. The Klan, he says, controls Texas, Louisiana, Arkansas and Oklahoma, while in Ohio, Michigan and parts of Illinois it is becoming a powerful political machine. He predicts bloodshed and civil. warfare if it is not curbed.

1948: Cairo Killing

CAIRO — Egypt's Prime Min-ister, Nokrashy Pasha, was shot dead today [Dec. 28] by a university student disguised as a police officer. Police named the assassin as Abdel Hamid Ahmed Hassan, a student at Fuad I University. They said he was a member of the Moslem Brotherhood. Association, which Nokrashy Pasha's government outlawed recently for alleged political ter-rorism. The Moslem Brotherhood had accused the Prime Minister of weakness in prosecuting the fight against Zionism.

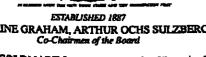
Herald Eribune

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PARIS — It is the Washington idiom but it sounds more like Hollywood doom, disaster, Armageddon, absolute action. It is the guaranteed new threat to take the place of the run-down Cold War, keep us all on our toes, out of pocket, in line, under

The name of the new game "catastrophic terrorism" and it is very frightening, not just because it conceivably could happen but even more because of what people who choose to dwell on the possibility, however remote, want

to do about it. "Catastrophic terrorism" is defined as going far beyond what U.S. Secretary of De-fense William Cohen calls "the conventional type of ter-rorism." That is the work of "cowards," he says, who "rejoice in the agony of their victims." They then "retreat to villages where they hide behind the skirts of women and the laughter of children and dare you to strike back ---

and strike back we will." But the threat of reprisal will not work against "biological and chemical weapons and cyber-terrorism," he said, because it is too hard to find

out who used them. Deterrence is not going to be sufficient to prevent their use in future. We have to depend upon defense. We have to depend upon intervention, and we have to promote the safety of our citizens both here and abroad.'

Mr. Cohen spoke on Dec. 8, before the bombing attacks on Iraq. But his arguments came close to Washington's justification for the Iraq raids. essentially to "degrade" Saddam Hussein's capacity to use exotic weapons, since there could be no credibility in any claim that bombs could eliminate them.

Similar arguments, drawing the same conclusion but By Flora Lewis

The New Anti-Terrorism Is Scary

going much further in dramatizing threats, are made in an assertive article in the current issue of Foreign Affairs written by two former high-level Defense Department officials and a former staff member of the National Security Council. They are Ashton Carter, John

Deutsch and Philip Zelikow.

The speech and the article

appear to launch an intense It sounds like Reagan in the most exuberant of his 'star wars' fantasies.

new campaign focused on weapons of mass destruction. or WMD, now the preferred initials in place of ABC, for atomic, biological, chemical

The two texts call for elaborate measures and expenditures for preventing and if necessary dealing with such attacks — quite different from standard military procurement and preparation, since the assumption is that the threat could come from anywhere, anytime.

Whole new intelligence services are required, and plans, along with "repeated training and exercises," to be put into immediate effect regardless of constitutional rights. The program would justify

U.S. armed attack in any part

of the world as "prevention"

of sensed danger. The United States should aspire as a long-term objective to identify every person and all freight entering the country," the article says, conced-ing that this cannot be fully achieved soon but urging

"even imperfect measures" in the meantime. If it were not for Foreign

Affairs' sober reputation and Mr. Cohen's speech, the temptation would be to consider this part of some gran-diose hoax meant to ridicule the nostalgia of strategists with no more reason to draw up vast strategic plans. No cost estimates

is to order lots of new equipment and services. The thesis is: If it conceivably could happen, we must assume that it will, and do something about it now, before it is too late." This is itself the very essence of psychological terrorism, the dis-aster movie that Hollywood

provided, but clearly the urge

understands so well. There is a Chicken Little quality about this scare scenario, suggesting that nothing else can be so important as to make sure not to be underneath when the sky is falling. What if the sky isn't falling? Ah, that is the reward for prudent foresight, is the pro-

vocative answer. This new campaign is particularly pernicious because there is no way to measure the real odds, to assess actual risk compared with the risk of not looking after all sorts of other human needs. The "willful ostrich," refusing to see danger, is the epithet so easily pasted on the skeptic.

"Catastrophic terrorism" poses an ominous threat, the article exhorts. "But the United States can fight back only if it sets the right goals. ... It must first imagine success. Only then can it organize itself to attain it."

It sounds like Ronald Re-

agan in the most exuberant of his "star wars" fantasies. It

should worry everybody, both

Americans and others who do

not yearn for new menaces to fight and targets to destroy. Flora Lewis.

OPINION/LETTERS

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Turr

Own Busines As Medicine Progresses, Its Availability Shrinks

By Daniel S. Greenberg

The state of the s Trace to the best of the second of the secon BALTIMORE — The great accomplishment of American of Health — nearly double the increase recommended by the White health care politics at the century's end is a system in which the gov-enment finances a research boom that produces medical wonders beyoud the means of a large and

rising segment of the population.
The only certainty is that the plight of the poor, and many not so the state of space of state of poor, will worsen under this tandem arrangement of socialized discovery and marketplace med-

areas of disease them breast cancer, which dergoing a revolution in scientific understanding and in the development of extremely promising therapies.

The first step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. But, as with most other them to the step toward detection and effective treatment is mannography. and availability shows up in many medical research appropriately re-

The large will be the second of the second o according to a survey by the Centers for Disease Control. Ques-tioning 80,000 women, the agency found that 7I percent with health insurance had had a mamsnogram in the previous two ave the Forest years, whereas only 46 percent of the uninsured had undergone the examination.

At present, more than 40 million Americans lack health insurance, and barring personal finan-cial resources, which few have, or medical charity, which is growing scarce, they are not sharing in the triumphs of modern medicine.

Control of The number of uninsured is bound to grow, as people are priced out of the market by increases in the cost of health insurance, which

is going up quickly. One explanation is that after skimping on their customers, managed-care organizations face resistance to such Spartan services. Another is that insurance premiums for managed care are bounding back after starting low to attract customers and squelch competition.

Whatever the reason, the price of insurance is going up, and so are the ranks of the uninsured even in these good economic times.

Meanwhile, medical research, always popular with the public and Congress, has become the bipar-tisan darling of Capitol Hill, with budget increases far ahead of any other major function of government. Last year, Congress added \$2 billion to the National Institutes

crease recommended by the White House — raising the institutes' budget to a record \$15.6 billion. Influential members in both

houses say their goal is a doubling of the institutes' budget within five years. The presidential budgetminders do not like the medicalresearch bandwagon, but President Bill Clinton and his predecessors have all ceded medical research to congressional control.

The researchers who benefit

from the congressional passion for sent allegations that they are hogging scarce federal money that might be better applied elsewhere. That is what they were accused of by Representative David Obey, Democrat of Wisconsin, when the institutes got a bonanza while spending was restrained for programs for the poor. The scientists respond that re-

search spending is a tiny slice of the trillion dollars spent annually on health care and point out that discoveries can cut the cost of health care, as a vaccine did for polio. But research also often leads to treatments that are both effective and very expensive - for ex-

ample, cancer treatments genet-

ically tailored to the patient.

The disparity between research and treatment was set firmly after the Clinton scheme for national health care fizzled, leaving profitseeking as the driving force in the health care economy. At about the same time, Congress's traditional affection for medical research turned passionate, leading to a 50 percent increase in the institutes' budget since 1993.

bipartisan and not subject to

debate. The Senate Budget Committee quietly has inquired whether the institutes can effectively manage the big increases in its budget, and the thrift-minded Office of Management and Budget is trying again to restrain the growth. But hope and politics favor another big increase for medical research.

in the gap between medical dis-coveries and the people who can-University. He contributed this

1930s, early 1940s) - I have en-

joyed over the years his remin-

iscences of our hometown. In-

deed, as I reflect on the

experiences he has described, I do

believe we may even have been in

the same home-room class.

joined by many others who are being priced out of the health care market. In seeking cures for disease, the science turns out to be the easy part. The insoluble problem is a political system that venerates research but withholds its wonders from many needy people.

The writer is a visiting scholar in the history of science, medicine

From Modern Machines, It's Just Nag, Nag, Nag

By Jim Shea

belt

house.

TARTFORD. Connecticut — about lights, or locks, or keys, o Stop telling me what to do. Stop telling me what to remem-

Stop telling me what's for my Stop the nagging.

Now. I'm an adult.

I'm a sensible, responsible person. I've test-driven a minivan, for goodness sake.

Er, maybe it would be a good idea to pause just a second for the following disclaimer:

This is not about you, dear. And Mom, relax, it's been years since one of your little helpful hints has made me want to nin screaming through a plate-glass window. No, what I am referring to here

is the ever-increasing tendency of technology to treat us all like 9year-olds with a history of leaving new jackets on the school bus. Programmed by meddlesome engineers determined, apparently, to foist the misery of their own

henpecked existences on the rest of us, machines and appliances are assuming responsibilities well beyond their intended duties.

The car is the worst offender. The car has one job, to take you

where you want to go. It is not the car's job to worry

follower. Now, House Democrats

the anti-impeachment polls? I don't watch American television,

but I understand that guests on

programs like Oprah routinely con-

fess the most abominable crimes,

such as incest, and, after reciting an

act of contrition and beating their

breasts, are given absolution by

Oprah and the TV audience.

Munich.

followers as well.

Now Jimmy, don't forget you. Now Jimmy, did you leave the lights on again? It isn't much better around the

> Consider: The alarm clock that gives

whether or not you are going to b

launched through the windshield

But just try and get in or out o

a vehicle without being subjected

to a chorus of buzzes, beeps and

bongs, all of which seem to be

Now Jimmy, put on your sea

if there's an accident.

Ten more minutes. Ten more minutes. Ten more minutes. The microwave that whines: I'm ready. I'm ready. I'm

The oven that warns: I'll burn. I'll burn. I'll burn. Apart from a yurt in the Mon-

golian suburbs, there is no escape from the harassment. If a pushy phone light isn't

screaming "voice mail, voice mail," some electronic annoyance is butting into your conver-sation every 10 seconds to inform you "call waiting, call waiting."
And does anyone work for a

computer that doesn't ring and ding with condescension at every

opportunity? Command: Store file.

Computer: [Ding] Are you sure you want to store file? have proved that they are only Command: Store file.

Computer: [Ding] Are you: really, really sure you want to store file? May I suggest an explanation for

I'm thinking that what has to happen here is for the machinery of our lives to be treated like smoking.

When you are buying a car, or a phone, or a computer, or whatever, the salesperson should be required by law to ask:

Would you prefer nagging or non-nagging? The Hartford Courant

Letters intended for publication

should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of

unsolicited manuscripts.

ARE YOU BILL CLINTON? "YOU, DELINE

The passion, abetted by lobbies

istan. There was no collateral

damage, according to a TWOSP

spokesman, 'but we seem to have mislaid Lebanon.'

Clinton today officially opened a

new Center for Wayward Interns. 'This will fill a real need,' he

Or: "TWOSP President Bill

Politically, there is scant interest

for research on specific diseases, coveries and the people who cannot afford them - soon to be comment to The Washington Post.

> LETTERS TO THE EDITOR Doubtless a contemporary (or watch as the Democratic side of the near contemporary) of Russell aisle complains of the bitter par-Baker — same school (Baltimore tisanship practiced by the Repub-City College), same era (late licans, when it seems clear that the

> > tisan on this matter. Throughout this entire drama, nothing showed as much partisanship as the pitiful display of the Democrats marching to the White House and standing en masse to support President Clinton.

Democrats have been far more par-

Today in view of our current It is difficult to believe that not American isuris - a colorful Yiddish expression meaning "trouone of those Democratic representatives felt that the president bles" - may I suggest that a reprinting of some of his columns deserved impeachment. Their might serve to relieve some of the "consciences" seemed guided by the popularity of this president and the potential loss of their base

of voters. lied on his pollsters to develop policy. In fact, I cannot recall one take a position favored by the ma-

This president has always resignificant issue where he did not jority in public polling. This is not

I believe that gives your average ignorant police the impression that that is how things are dealt with in the real world. Since President Clinton has gone through the right motions on television, such pollees simply can't understand why he isn't treated the same way.

J.C. DIXON.

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HOW IS THE INTERNET

The Superpower and Ink

What is going on with The World's Only Superpower? This label, or sometimes the tautological The World's Only Remaining Superpower, now seems to follow "the United States" or "America" almost automatically said." in the articles appearing in your

paper. Is this in response to some hubristic edict from above or does it stem from a belief that the average reader has the attention soan of a mayfly and needs to be reminded regularly of America's exalted position?

I suggest that you could save space and ink by using the acronym TWOSP instead of the of the contemporary world was whole phrase. If this catches on you could eventually drop the reference to the United States altogether, as for example: "At of duty. 0400 this morning TWOSP surgically removed Iraq and Afghan-

CHANGING THE WAY YOU DO

BUSINESS?

D. H. McKAY. A Farewell to Baker

Regarding Russell Baker's final column (Dec. 26-27): Mr. Baker, yours was the voice If this is going to continue, may of an exceptional American genalways wry, never dry, revealing inner verities wrapped in myths that shall long exist after our tour

WILLIAM GREENWAY.

Clinton the Follower As an American temporarily

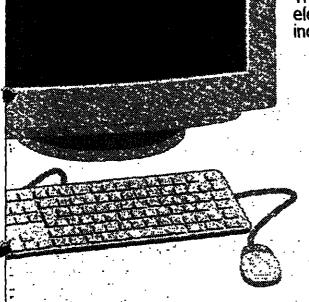
working in Europe, I have been watching the Clinton impeachment process with disappointment. I

stress we are all experiencing.

MORRIS HONIČK.

Brussels.





If you missed the series of 12 sponsored pages on "Business to e-Business" that appeared in the International Herald Tribune, here's your chance to order a reprint of the sections.

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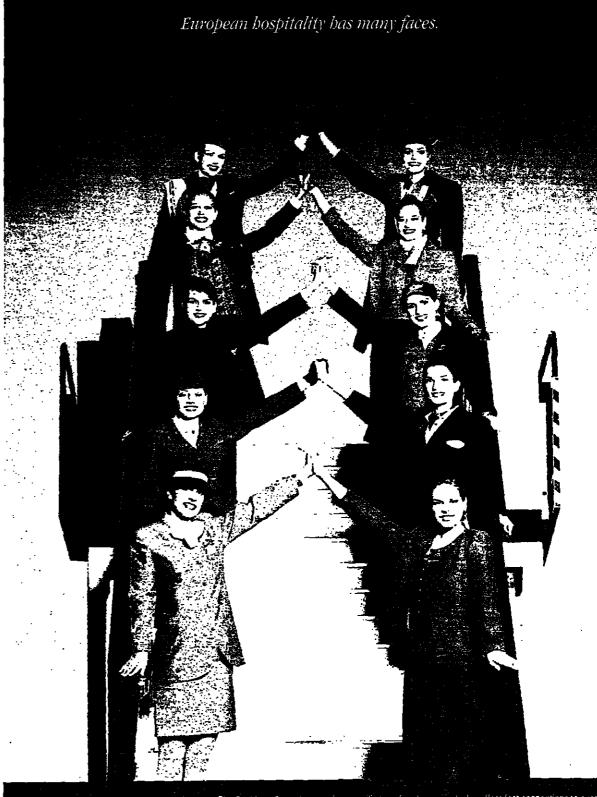
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THE WORLD'S DAILY NEWSPAPER



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Arab support has been

from Saddam Hussein.

slipping away daily

By Barbara Crossette New York Times Service

UNITED NATIONS, New York - As delrate negotiations over a new international policy n Iraq go on behind the scenes here. Saddam lussein is complicating his situation in the Se-urity Council by a stream of bellicose threats. In addition, Iraqis are sending mixed signals bout remaining ties with the United Nations, which administers a huge relief

program in the country. Baghdad NALYSIS has already said it will never allow arms inspectors back, but has enerally cooperated with aid workers.

In recent days, however, Iraqi officials have sfused to allow relief experts from the United lations to survey damage done to civilian targets y the U.S. and British air attacks almost two veeks ago. Some officials say that they think this because damage to civilian buildings was very ight, countering Iraqi claims of greater damage d more casualties.

Since the attacks, Iraqi officials have couched heir verbal assaults in racial and anti-Semitic erms, saying that "Anglo-Saxons" dominate he arms inspection system and that President 3ill Clinton and Prime Minister Tony Blair are inder the influence of "Zionist cliques." The raqis have threatened to shoot down U.S. and British aircraft. Monday, they tried to hit U.S. lanes with surface-to-air missiles.

Iraq at the United Nations. The attacks began Iraq at the United Nations. The attacks began after both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday, Egypt aparter both President Jacques Chirac and Prime leaders to discuss Iraq. But Monday is a parter by refusing to cooperate with arms inspections.
French officials, who are

willing to move swiftly to a lifting of an oil embargo and other sanctions on Iraq, have also infuriated Mr. Saddam by proposing that oil income be controlled by the United

Much Iraqi ire is being directed at Arab na-tions. A tone of frustration mixed with des-peration has surfaced in Mr. Saddam's speeches as well as those of his ministers, who attack Arab leaders for backing away from Iraq when they should, in Baghdad's view, be lining up to break

Arab support has been slipping away daily from Mr. Saddam, Monday, the Iraqis took two more blows.

A meeting of Arab League foreign ministers scheduled for Wednesday at the request of Yemen, one of Iraq's strongest allies in the Arab world, was postponed until Jan. 24 at the request

defy international sanctions. exert a moderating influence in the region and do not want to be drawn into support of Mr. Saddam for his

Nations indefinitely so that it

defiance of the Untied Naleave. But another ministry repeated the threat to
leave. But another ministry repeated the threat turn over two suspects for questioning in the bombing of Pan Am Flight 103 in 1988.

'It is not realistic to think that some fraternal Arab countries are going to take part in a summit attended by high-ranking members of the Iraqi leadership," an Egyptian government spokes-man said Monday. In Cairo, President Hosni Mubarak took direct

aim at Iraqi leaders in an interview with the verument newspaper Al Gumhuriya. We opposed the air attack," Mr. Mubarak

"because in the final reckoning, it is the people of Iraq who pay the price. We sympathize with the Iraqi people because we know that our

Mr. Saddam is now also denouncing the of several Gulf nations, including Kuwait and brothers and sons in this fraternal country can do nothing about it and the regime in power is the audi Arabia.

nothing about it and the regime in power is the root of all problems.

On Sunday and Monday, Iraqi officials appeared to threaten to end the "oil for food" program under which they are allowed to sell up to \$5.2 billion worth of oil every six months to buy such goods as medicine and food.

Monday, the trade minister, Mohammed Meh-Arab League diplomats Monday, the trade minister, Mohammed Mensay that they have tried to di Saleh, backed away from comments he made over the weekend, saying that he was talking about Iraq's future plans once sanctions were lifted and these would be no need for the program. and those who administer it would be asked to

> program, which he rejected for more than five years after it was first proposed by the Security Council. But Baghdad allowed it to continue

Council. But Baghdad allowed it to continue uninterrupted during the recent raids.

Monday, John Mills, spokesman here for UN relief programs in Iraq, said that the Iraqis exported 17.6 million barrels of oil from Dec. 19 to 25, the largest amount in any weekly period since the program began in late 1996. The exports were worth \$145 million, because of record low oil prices. If prices had remained at the level of about \$18 a barrel that mevailed when the program \$18 a barrel that prevailed when the program began, Iraq would have more than doubled its income in the most recent sales.

d Russi No-Fly Zones in Iraq: Allies' Effort to Protect Shiites and Kurds

A look at the two no-flight zones the United States and its Gulf War allies imposed on Iraq:

Southern No-Flight Zone: Imposed by American, British and French forces in August 1992 to protect Shiite Muslims in Iraq.
President Saddam Hussein's forces had crushed a Shifte uprising soon after the end.
of the Gulf War in February 1991.
In 1996, President Bill Chinton extended.

the zone in response to Mr. Saddam's military intervention in northern Iraq in support of one Kurdish faction against an-

The zone now covers the southern third of Iraq, reaching the 33d parallel, and extends to the outskirts of Baghdad.

Northern No-Fight Zone: In April 1991, the United States, France and Britain

declared a 19,000-square-mile (49,000square-kilometer) area of northern lraq a haven for Kurds and imposed a no-fly zone

above the 36th parallel.

American and British warplanes still patrol the skies of northern lraq.

France withdrew from the mission

I Go Where I Have To'

¿Annan Defends His UN Role as Mediator Despite Sharp Criticism From Washington

> By Barbara Crossette New York Times Service

UNITED NATIONS, New York -At the end of his second year as secetary-general of the United Nations, ofi Annan offers no apologies for go-ng the extra mile to talk with tyrants like Saddam Hussein and Colonel Moammar Jadhafi, even when a rebuff, or carping

"" I go where I have to go, I talk to those I have to talk to," Mr. Annan said of his trips to Iraq in February and to

He said he hoped the day would come when the secretary-general of the United Nations "has to talk only to leaders of ountries like Switzerland, Sweden,

Then our work would be done," he

administration, which denied his predecessor, Boutros Boutros Ghali, a second han's election by the Security Council.

Baghdad in February and brokering an quickly unraveled.

then in the early days of the Monica Lewinsky scandal, seemed relieved at the time, the secretary-general was later accused, especially in Congress, of dipiomatic meddling and of drawing out the

- Mr. Annan's journey to meet with Mr. Gadhafi on Dec. 5 drew still more flak. The Libyan leader left Mr. Annan wait-

at a remote site in the desert, where Mr. Annan was trying to work out a deal for Libya to turn over two suspects wanted in the bombing of Pan Am Flight 103 over Lockerbie, Scotland, 10 years ago.

The attempt proved fruitless.
In both cases, Mr. Annan's aides say, he was essentially promoting American as well as international goals: compliance from Iraq on arms inspections, and the turning over of two men wanted in a

long-delayed trial. Has the secretary-general been too willing to take political risks? Has Mr. Annan been too quick to expend his personal prestige and that of his office?

'I'm here to do a job, and self is not involved, because we're dealing with much bigger issues, much more at stake," he said. "To put my own ego or my own reputation at the center of it, I think, would be unconscionable and would be a mistake.

Events play their part in shaping the reputation of any secretary-general. Sir Brian Urquhart, a former undersecretary-general who has known every holder of the United Nations' highest office since the organization's founding in 1945, said last week that Mr. Annan 'couldn't have inherited that job at a more difficult time."

But once the stage is set, character and personality take over, Mr. Urquhart added. "I think Kofi is a genuinely natural, unpretentious, very serious person," he : S got to ac the job, and it's not a popularity contest He's there to do his best, and if it blows back on him, that's too bad."

Danilo Turk, a former professor of international law and a human-rights advocate who is Slovenia's representative and a member of the Security Council, said Mr. Annan had to do an already ill-defined job "in an era more chaotic than other periods."

With the end of the Cold War, rogue states are less likely to be held on tethers by Moscow or Washington, Mr. Turk said, and today's secretary-general faces crises that can quickly spin out of con-

He also faces that political chaos at a time when the United Nations has been under tremendous pressure to reduce its budgets and bureaucracy.

Although Mr. Annan has made significant managerial reforms and has continued to cut the headquarters staff, the Republican-led Congress refuses to pay \$1.2 billion in American debts with-out attaching riders that UN officials say improperly try to micromanage the organization, which no one nation among the 185 members has the right to do.

For Mr. Annan, a Ghanaian, dealing with Africa has been particularly difficult. He began his term in January 1997 ready to forge a partnership with Africans moving to put conflict behind them. Two years later, Angola is descending into civil war again, rebels in Sierra Leone notorious for their extraordinary brutality are closing in on the capital less than a year after being driven out, and east-central Africa is engulfed in a conflict involving nearly a dozen

"What's happening in Africa is a tragedy, a real tragedy," Mr. Annan said. "It's a deep disappointment."

He said he recently told a meeting of African leaders in Paris that at a time when they needed investment and development, they were on a suicidal

Mr. Annan, frequently accompanied by his Swedish wife. Nane, travels extensively, more than many UN officials and diplomats think is necessary, given

all the work at headquarters. For his part, Mr. Annan says he values the widest possible contacts.

His staff says he also seeks out special friends in international affairs whose judgment he trusts, among them President Nelson Mandela of South Africa and Richard Holbrooke, the American diplomat and Balkans troubleshooter who is in line to become the U.S. representative at the United Nations.

"I talk to lots of people," Mr. Annan said in his uniformly soft, melodic voice. which sinks at times almost to a whisper. "I talk to people inside the building, outside the building, in different fields, in different walks of life. Men and women who understand the human condition and have compassion. People who like to do things about the world we live in."



BUSY DAY IN BAGHDAD — Cars clogging a city street Monday as life

British weapons able to hone in on the zone over southern Iraq was created a

atteries' radar signals.

year later and in 1996 was extended from
During the operation earlier this the 32d parallel to the 33d parallel, just

Ignoring Statehood Threat TEL AVIV — Israel's major parties set May 17 as an election date Monday, a

Israeli Parties Set Vote May 17,

sign that a threat by the Palestinian leader Yasser Arafat to declare statehood before then has receded and will not

influence the campaign.

Prime Minister Benjamin Netanyahu had wanted to set the elections for before May 4, the day on which Mr. Arafat has threatened to declare statehood if the peace accords are not fulfilled, to maxmize this threat in his campaign.

But a Palestinian negotiator suggested Monday that Mr. Arafat would not go through with the declaration if it would help Mr. Netanyahu get re-elected. "The political leadership will decide on the issue of the declaration of the Palestinian state in accordance with the national interests of the Palestinian people," negotiator, Hassan Asfour, said.

Mr. Netanyahu has recently played up Mr. Arafat's threat to declare independence on May 4, the five-year deadline for a final peace agreement, under the Oslo accords, countering with a threat to annex parts of the West Bank.

"Arafat knows if he declares a Palestinian state unilaterally, it means canceling Oslo," Mr. Netanyahn said Sun-

A later election date will help contain the threat posed to Mr. Netanyahu and Ehud Barak, the leader of the opposition Labor Party, by the emergence of a pop-

ular former general.

Amnon Lapkin-Shahak, the former

The United States and its allies cre-

ated the zones, citing the United Nations

resolutions adopted in the aftermath of

the Gulf War, but the UN Security Coun-

cil itself has never explicitly authorized

remain an important part of our con-tainment policy," Mr. Clinton said in his

remarks Monday. "Because we effec-

tively control the skies over much of

Iraq, Saddam has been unable to use air

power to repress his own people or to

L'Express did not say what percentage of wines it believed had been affected.

But it quoted a wine researcher, Pascal

Chatonnet, who first identified the cause

of the offensive flavor, as saying that the

wood in 50 percent of the barrels tested in

his private laboratory in 1996 were con-taminated and had to be destroyed.

Many vintners have solved the prob-

lash out again at his neighbors

"The no-fly zones have been and will

Benjamin Begin in Tel Aviv as he announced his candidacy Monday.

chief of staff, has been leading both men in the polis, inspely because, as a soldies, he was prohibited from making political statements and was able to remain above

Earlier Monday, in a challenge to Mr. Netanyaha, from a scion, of his Likud party, the only son of Menachem Begin on Monday, declared his candidacy for prime minister. Benjamin Begin's candidacy underscored the prime minister. growing isolation in the party that Mr. Begin's father once led.

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BRIEFLY

30 Algerians Die In Attacks in South

ALGIERS — At least 30 people died and 70 were wounded in simultaneous attacks in southern Algeria, hospital sources said Monday.

Mortar shells and bombs were fired Sunday night at the town of Khenis-Miliana, about 100 kilometers (60 miles) south of Algiers. Fifteen people died and 40 were wounded the sources said.
At the same time, 10 kilometers

to the north, 40 armed men burst into the village of Ain N'sour and killed 15 people. Most of them were stabled to death, hospital sources said. A total of 30 others were wounded, many by gunfire. (AP)

"It's very difficult to distinguish be-

Illegal Immigrants Float Into Florida MIAMI - A wave of Cuban and Haitian illegal immigrants has his South Florida beaches in the last few days in the likely hope that U.S. authorities had let their guard down over the holiday season, the U.S. Border Patrol said Monday.

A total of 25 Cubans in two separate groups came ashore on Miami Beach and Key Biscayne early Monday, raising to 64 the number of migrants rounded up since Saturday, a border patrol special agent

Nine other Cubans have been picked up in the Miami area and the Florida Keys since Saturday, as well as 30 Haitians in two boatloads at West Palm Beach (Reuters)

Molasses Spill Kills 4 in Nicaragua

MANAGUA - Four men died over the weekend and seven remained in grave condition Monday after they were accidentally doused with scalding molasses at a Nicaraguan sugar processing plant, an of-ficial at a Managua hospital said.

The 11 victims, all employees at the San Antonio Refinery in Chichigalpa, 95 miles (150 kilometers) north of Managua, were do ing repairs Saturday when a valve was opened into a tunnel where they worked, flooding it with molasses and scalding water, local newspa-pers reported (Reuters) (Reuters)

Inquiry Into Top French Wines Leaves Bad Taste formed because the board preferred to the past two years, 44 had a bad corky taste, and 11 of those were due to pesti-

IRAQ: U.S. Fighters Attack Missile Site After Being Fired Upon

peatedly targeted SAM sites, but with

mixed success. According to the Pen-

tagon's last public assessment of damage, only eight of 16 SAM sites attacked

were destroyed.
The United States, Britain and France

created the no-flight zone in northern

Iraq in 1991 to protect the Kurdish en-

clave. Iraqi aircraft are barred from fly-

ing in the zone, which covers the area north of the 36th parallel. The no-flight

month, American and British forces re- south of Baghdad.

batteries' radar signals.

PARIS - Some of France's most prestigious wines may have been contaminated by pesticides over the last decade, posing no health hazard but affecting the taste, a top wine trade as-sociation acknowledged Monday.

Continued from Page 1

SAMs, represents an escalation of the

confrontation. Iraq has several Soviet-era

missiles, including the SA-3, the type that shot down the U-2 flown by Francis Gary

Powers over the Soviet Union in 1960.

sile strikes, Pentagon officials said, Iraq did not fire its SAM missiles, evidently

fearing retaliation by American and

During the four nights of air and mis-

The use of surface-to-air missiles, or

The Bordeaux Wine Board commented by telephone after an investigative report appeared in L'Express, a respected newsmagazine, this week. Since the problem became known in

Champagne in 1982, many wine professionals have tried to keep it a secret, L'Express reported. Sophie Girard, a spokeswoman for the

wine board, acknowledged the problem but she claimed that it had affected only about I percent of wines tested in the past two years and had been corrected for all Bordeaux wines.

She said the public had not been in-

help Bordeaux vintners resolve the problem rather than alarm the public cides. about something that was relatively tween the real taste of a conk gone bad and the moldy taste left by the pestiminor.

L'Express reported that trace quan-tities of chlorophenol, a pesticide widely used to treat new wood, had seeped into wines from Bordeaux, Burgundy, Beaujolais, and even Champagne.

The pesticides come from treated

wood used in constructing new storage facilities. Hundreds of top French labels, including high-priced bottles from Bordeaux, have been affected, L'Express

often attributed to bad corks.

Some buyers have returned contam- he told L'Express. lem by tearing down their warehouses

mated wine to the vineyards complaining of the bad taste, it said. The taste was

Ms. Girard said that of the 1,344 more expensive but does not require wines chosen at random for analysis in

and rebuilding with solid oak, which is

cide," she said.

ing in amazement as children who once used wheelchairs are instead running and jumping like other children. These doctors are pinching themselves as adult patients show up to report that, for the first time in years, the pain of rheumatoid arthritis is gone.

"This is the beginning of an entirely new era in the treatment of arthritis," said Dr. Daniel Lovell, a pediatric rheumatologist at Children's Hospital Medical Center of Cincinnati and director of a national network testing arthritis treatments in children. "I'm very optimistic that within the near future we'll have the ability to design treatment approaches that will work very effectively for large numbers of our patients."

Many doctors remain somewhat cau-

fessional discussions.

Medicine in St. Louis. "But there's tremendous excitement and optimism."

New treatments such as Enbrei are designed to take advantage of detailed knowledge of the immune system. gained in recent years. The goal is to system that seem to be overactive. The same strategy is working against the debilitating bowel ailment Crohn's disease, and it may prove useful in diseases as diverse as congestive heart failure and

Arthritis is a broad name for a group of tious, unsure of the long-term effects of more than 100 diseases that cause pain. Advil and similar compounds.

'By golly, we're going to cure rheum-atoid arthritis,''' said Dr. Richard Bras-older years, and theumatoid arthritis, ington, clinical director of rheumatology which can occur at any age. Both involve at the Washington University School of activation of the immune system, but own tissues.

In the case of osteoarthritis, research gained in recent years. The goal is to is proceeding on how to interrupt the selectively tone down components of the underlying disease, with some promising strategies just beginning to reach human trials. More immediately, to combat the symptoms, scientists have created anti-inflammatory drugs that seem to promise pain relief without the serious side effects, such as bleeding nicers, sometimes caused by aspirin,

in Washington, is his only reward.
"We're dealing with issues of war and eace." Mr. Annan said in an interview, ounding out the year as he began it, with a crisis in Iraq. "We are operating in a world which is quite brutal and there are ome very wicked people around. Nobody denies that But in the business hat I'm in, we sometimes have to shake he hands of the aggressor, to lend them an ear, in order to save lives.

ibya in early December.

'osta Rica, Botswana,'

But a different view is sometimes held Washington. A pall of disappointment not despair has been cast over Mr. nnan's relations with an often hostile term in office and engineered Mr. An-

Mr. Annan was criticized for going to accord over arms inspections that Although the Clinton White House,

ring for hours before meeting him in a tent Waste Unsafe, **Taiwan Says**

TAIPEI — Taiwan said Monday that industrial waste tainted with mercury and dumped in Cambodia by Formosa Plastics Corp. was harmful, and it urged the company to retrieve it.

chiang, director of the Environmental Protection Administration, said at a news conference. "It exceeds our standards, therefore it is considered harmful." Mr. Fu said that waste samples collected by Taiwan environmentalists in Cambodia, and tested by

"Formosa needs to act quickly and retrieve the waste." Fu Shu-

the agency, had shown mercury concentration in excess of Taiwan's The industrial waste was dumped in the Cambodian port city of Si-

hanouk ville early this month.

News of the waste provoked riots in Sihanoukville. One person was killed as protesters ransacked offices of officials they blamed for allowing the waste to be imported. Four more died in a panicked exodus of more than 10,000 people fearing contamina-tion. The Cambodian Health Ministry has said the deaths of at least two residents appeared linked to un-

protected movement of the waste. Formosa Plastics said it would send a team to Cambodia but stopped short of saying whether it would ship back the waste.

"Formosa will work as fast as it

can," said Li Chih-tsun, a senior company administrator. Formosa has said the cementlike material was tainted with mercury but had been certified as safe for landfill disposal.

ARTHRITIS: New Treatments Offer Millions Hope for Relief Continued from Page 1

cialize in treating arthritis - are watch-

drugs like Enbrel. But these days, a tenderness and limited movement in -

"It's too soon to be saying things like,

the nerve ailment multiple sclerosis.

rising sense of hope pervades their pro- or permanent damage to - the joints. The most important types are os-teoarthritis, the "wear and tear" form of the disease that people tend to get in their rheumatoid arthritis is a classic "autoimmune" disease - an ailment in which the body aggressively attacks its

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A the street with the flight he ton whed Press September of Flight Zone: hope of the september of the se The company of the parties of the company of the co As a country laction and an action and a country laction laction and a country laction and a country laction laction and a country laction laction and a country laction and a country laction and a country laction and a country laction again. Sping of the state of the continual poly Supplied were

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Mo-Fly Zones in halfilles' Effort to Plan Idled Russian Arms Experts Find Takers for Their Nuclear Know-How Shiftes and K but forfeited the right to travel abroad. Today, this compact with the gov- incoming missiles. Their headons riers was a prestig

· Washington Post Service · ·

MOSCOW - Boris Vinogradov, a tall, balding engineer with an easygoing manner, was once a captain of Soviet weapons technology. Even now, his of-fice has the aura of a citadel of military science. In the center sits a giant globe, a monument to the planetary reach of his ambitions.

Mr. Vinogradov was among the elite who built the Soviet Union's anti-ballistic missile system over Moscow, a giant network of nuclear-armed rockets and radar. Their six-story headquarters at 80 Leningradsky Prospekt was ultrasecret and bore a simple name. The Scientific Research Institute of Radio Device Design.

A sign still hangs outside the institute, but in the new Russia, the scientists inside have barely survived. Today, their building is a beehive of another kind. Dozens of Chinese men jostle huge yellow bales of goods on their backs.

They have rented four floors of the institute and turned it into a warehouse for leather jackets and furs.

From his windows above them, Mr. Vinogradov, who spent 30 years in the highest ranks of the Soviet and Russian defense industry, looks down with bitterness. "I feel humiliation," he said.

His despair goes to the heart of one of the least understood but most significant consequences of the end of the Cold War and collapse of the Soviet military-industrial complex.

Tens of thousands of highly trained specialists who built Soviet weapons of mass destruction - nuclear, chemical and biological weapons and the means to deliver them - have been thrown onto the street in Russia's chaos of recent years. Their research institutes have been turned into warehouses, or just abandoned. Their government paychecks stopped.

Many have found other jobs in business. Still others have just disappeared.

all the weapons scientists have gone.

It is certain, however, that some have been caught up in a dangerous global contest for their skills. According to well-informed Russian and Western of-

Studies in Russia, a nonproliferation group that exposed how Iraq bought Russian missile-guidance systems.

When the Soviet Union fell apart in 1991, alarm bells sounded in the West

Iraq and Iran, as well as China, India and North Korea, have all benefited from the expertise of Soviet and Russian scientists.

ficials, over the last seven years a steady stream of know-how and technology and, in some cases, the scientists themselves, has been reaped from Russia by nations hungry to build their own weapons of mass destruction.

Iraq and Iran, as well as China, India and North Korea, have benefited from Soviet and Russian weapons expertise. Russia has seen undercover groups and shady businessmen shopping for missile parts and technology. Export con-trols were practically unenforced.

"I do not know of any major cases of prosecution of export control violations

about the fate of the core 2,500 to 3,000 nuclear scientists who had direct knowledge of bomb-building technology and were located in "secret" nuclear cities and laboratories.

But now it is clear that was only part of the problem. Just as vulnerable, if not more so, were tens of thousands of specialists who worked outside the weapons laboratories and beyond the barbed wire fences of the closed cities. In the Soviet era, weapons scientists accepted a trade-off. They got better

living standards than the general public and a chance to carry out their research,

ernment is in tatters.

"It doesn't exist," said Mr. Vinogradov. "The government no longer provides wages, much less a decent standard of living, so the scientists just

drift away." Moreover, some of the early assumptions about the weapons scientists proved wrong. There was not a mass exodus from Russia,

although some left. Instead, the spread of missile technology and nuclear know-how came from inside. Scientists could be approached without attracting attention. They did not have to leave Russia. The buyers came to them.

What could stop a nuclear warhead zooming through space? At the dawn of the ballistic missile era, Oleg Golubev was among the young Soviet scientists who puzzled over the idea in the summer of 1955. Mr. Golubev became designer of guidance systems for the interceptor rockets of a vast anti-ballistic missile system that Soviet leaders built over Moscow. The rockets, nicknamed

Galosh and Gazcile, would try to kil

Their headquarters was a prestigiou link in the Soviet military-industria complex. They built two generations o anti-ballistic missile systems. The center piece was a pyramid-like, four-sider radar that watched over European Russis and beyond. Ultimately, their solution & the problem of stopping incoming warheads was to hit them with nuclear

charges on the interceptor rockets. Today, Mr. Golubev, 75, still come: to work three days a week. But the institute is in the throes of extinction. Mr. Golubev earns the equivalent of

\$45 a month, but his last paycheck was in 1995. Mr. Vinogradov, the deputy director, has not been paid regularly in 32 months. His salary is \$100 a month. These days, the only "Gazelle" in sight is a Russian light truck that arrives in

droves to unload leather and fur coats. The collapse of the institute is a metaphor for the larger implosion of the, Soviet military-industrial complex.

At the same time, several nations aspiring to build - or already building nuclear-armed missiles have been looking for technology and expertise.

There is no danger that this information will be spreading to Iran, Iraq or North Korea through the walls of our institute," Mr. Vinogradov said. "Even when people who work in the institute are not being paid, I don't think the danger exists. But the people who left the institute, and who lost connection with the institute, with them, this danger exists."

In 1994, a group of businessmen who identified themselves as Jordanians came to the Scientific Production Association Energomash, the giant Soviet, then Russian, manufacturer of rocket engines.

Energomash, one of the leaders of the Soviet defense industry, built about 60 types of rocket engines over half a century. But in the early years after the Soviet collapse, work was scarce. Energomash was looking for contracts from abroad.

One day visitors, neatly outfitted in suits and ties, presented their business cards. They said they were from the 'Gharbiyeh Company.' They also outlined the technical specifications of rocket engines they wanted to buy. They needed regenerative, liquid-fueled engines with 3.5 to 4 tons of thrust. They specified the type of fuel and the configuration of the pumps, and that the engines would operate for 150 seconds and weigh 132 pounds (60 kilograms) without fuel.

On Nov. 18, 1994, two of the visitors signed a "letter of intent" with three Energomash officials for procurement of the engines. In handwriting at the bottom of the document it was noted: Energomash will give as contractual obligation a complete knowledge about the design calculation, technology, process and testing of the engine components and a complete engine" upon

The visitors were, in fact, not from

arms embargo.
Russian officials routinely deny that the state sponsored or approved of such deals. But the contacts did not cease. In the case of Weaam Gharbiyeh, the Palestinian middleman who bought and shipped more than 800 sophisticated missile gyroscopes for Iraq, a criminal case was opened in Russia, but closed without

Iran also sent agents seeking missile and nuclear technology, and U.S. officials say they still are sending them.

RUSSIA: Has It Given Up Germ Weapons?

Continued from Page 1

nuclear and missile technology to Iran. The debate turns partly on history.

After developing germ weapons for several decades, the United States and Russia signed an international treaty in 1972 banning such arms. Almost immediately, Soviet defectors say, Moscow secretly redoubled its germ research and

Officials and lawmakers acknowledge that there is scant hard evidence to support their suspicions that Russia is chearing again, but they say Moscow's reluctance to open up its military bases is

an ommons sign. That may be changing. Two weeks ago, the officials said, a small group of Pentagon experts and senior defense scientists met their Russian counterparts for the first time at a once-closed military training institute in Tambov, some 300 miles (480 kilometers) southeast of

High on the agenda were possible cientific exchanges that may provide direct Western access to Russia's biological "holy of holies," as one official put it four military installations — Sergiyev Posad, Kirov, Yekatsrinburg (Sverdlovsk) and Strizhi — none of which has been visited by the West.

Officials said the military teams had agreed in principle to a series of military exchanges starting in the United States sometime next year. The breakthrough is potentially sig-

nificant. Iraq's entire germ arsenal contained enough deadly poison at its peak to kill all the people on Earth many times over according to UN weapons inspec-

Cyprus to Decide On Russian Missiles

NICOSIA -- Cyprus will decide Tuesday whether to go ahead with a deployment of Russian missiles that Turkey has threatened to destroy if they are brought to the divided Mediterranean island.

With the Russian manufacturers impatient to ship the S-300 missiles before a year-end deadline, President Glafcos Clerides left Monday for Athens and will discuss the matter Tuesday with the Greek prime minister, Costas Simitis. (Reuters)

Talks in Ankara

ANKARA — Turkey's prime minister-designate, Yalim Erez, began talks Monday with party leaders in an effort to forge a new coalition before the elections set for

April.

Mr. Brez, the trade and industry minister, received a mandate last week to form a government after Bulent Ecevit of the Democratic Left Party failed to put together a viable coalition. Turkey's conservative-led alliance collapsed last month under charges of corrup-(Reuters)

Strasbourg Violence

STRASBOURG - Youths burned cars, hurled objects at buses and tried to set a primary school classroom on fire in a second night of violence here, officials said Mon-

day. Firefighters quickly extinguished the flames at the school in Strasbourg Hautepierre, after youths threw a bottle of burning gasoline through a window on Sunday night. Seven cars were set on fire early Monday, bringing to 27 the number of vehicles burned since the violence broke out after a public concert Samrday night

Poll Favors Le Pen

PARIS - Jean-Marie Le Pen, the leader of the extreme-right National Front in France, has the backing of a majority of members in the power struggle that has split his party, a poll indicated Monday. Three weeks after the party's now suspended deputy, Brano Megret, openly challenged Mr. Le Pen, a survey by the CSA polling institute published in the daily Liberation showed the 70year-old founder of the party far ahead of Mr. Megret, 49, among the

perty's electorate.

tors. But the Iraqi program was dwarfed

by the amount and variety of weapons the Soviet Union had secretly amassed. Stepnogorsk, in Kazakhstan, was the only major Soviet germ installation outside the Russian heartland. Called the Scientific Experimental and Production Base, it was known only by its post office box, No. 2076.

While Western intelligence analysts had deduced from the configuration of the buildings that it was designed to produce anthrax or other bacteriological agents, they never figured out precisely what kind of research was being done, what weapons the factory was making or

what threat it posed.

Six stories high and two football fields long, the central factory there is filled with 10 giant fermentation vats, each meant to brew 5,000 gallons (19,000 liters) of anthrax microbes. Iraq's entire germ production could have just about fit into one of these vars. And Stepnogorsk was only one of six such Soviet plants.

"As you can see, we haven't made that in some time," Gennadi Lepyoshkin, the base's director, told Pentagon experts and a reporter who recently walked through the anthrax plant, which is being dismantled with Pentagon aid. "And we will never do it again."

Its role in the confrontation between the superpowers remains unclear. Kanatjan Alibekov - or Ken Alibek, as he is now known - Stepnogorsk's former director who defected to the United States in 1992, says the plant was to produce as much as 330 tons of final "product" in a 200-day period if the order came to mobilize for war.

To this day, Moscow viet days and now run the place say otherwise.

Moreover, the remaining physical evidence of its real purpose is impossible to hide. Next to a concrete bunker is a machine that Mr. Alibek said was for filling and sealing bomblets. Such equipment had never been discovered at any other Russian germ installation.

Moscow's lies on the issue during the Cold War, skeptics in Washington argue. make trust and cooperation impossible.
Skeptics note that Mr. Yeltsin has banned Russian experts from discussing any aspect of their country's germ history and has retained several generals

instrumental in the Soviet program.

Fragile Cease-Fire Holding in Kosovo

PODUJEVO, Yugoslavia --- A fragile cease-fire was holding in northern Kosovo on Monday after four days of clashes between Belgrade's forces and the rebel Kosovo Liberation Army, but the situation remained tense. The cease-fire seems to be holding

said Joergen Grunet, spokesman for the Kosovo verification mission of the Organization for Security and Co-Stepnogorsk made only vaccines and operation in Europe. "The verifiers the killers of a Serb policeman other defensive germ products. But Rusther are in constant contact with compaint sian scientists who worked there in Somanders on the both sides."

The fighting has put new strains on an already fragile peace accord struck Oct. 12 that was brokered by the U.S. envoy Richard Holbrooke with President Slobodan Milosevic of Yugoslavia. That pact ended seven months of fighting in Kosovo, a province of Serbia that is largely populated by ethnic Albanians.

In Albania, the Parliament called Monday for intervention in Kosovo by the North Atlantic Treaty Organization, saying this was the only way to prevent a humanitarian disaster and open the way to a "political solution."

And the province's leading ethnic Albanian politician, Ibrahim Rugova, de-scribed the simation as "very difficult

and dangerous." He urged the United villages controlled by the Kosovo Lib-States and European powers to step up diplomatic efforts toward a lasting political settlement and prevent "ethnic and Velika Reka.

cleansing" by Serb forces.
The Kosovo Information Center, run by Mr. Rugova's party, said 15,000 people had been displaced by the fighting, which erupted Christmas Eve when government forces attacked strongholds of ethnic Albanian rebels, searching for

GROUNDED -- Swedish salvage personnel attempting to extricate a Russian cargo aircraft from mud

Monday after the Aeroflot Il-76 overshot the runway at Skavsta Airport in Nykoping, south of Stockholm.

The clashes around Podujevo, the main town in northern Kosovo, have left 16 dead on the Albanian side and one dead and six wounded among the Serbs, according to semi-official sources.

Podujevo is a strategic town on the main road crossing from Kosovo to Serbia. Eighty percent of its population is of ethnic Albanian origin.

Police patrols circulated Monday along the main road leading from Pristina, Kosovo's capital, to Podujevo, 35 kilometers (21 miles) to the north. Podujevo's Serb mayor, Srbislav Bisercic, told reporters that he met Mon-

verification mission, urging him to try to evacuate 13 Serbs who remain in three Albanian rebels.

eration Army — Obrandza, Lapastica Mr. Walker left Pristina on Monday

for meetings in Vienna at the headquarters of the Organization for Security and Cooperation in Europe, and in Washington, the verification mission said. The clashes around Podujevo, seen as a major breach of the cease-fire, have

raised doubts over the role and fate of the truce observers. Bronislaw Geremek, chairma Organization for Security and Cooperation in Europe, said Monday that the verification mission might have to be

reconsidered in light of the new outbreak of fighting.
Mr. Geremek, the Polish foreign minister, expressed his "deep concern with the renewed fighting and the breach of

the fragile cease-fire in Kosovo in recent days." He blamed both sides. The Kosovo Information Center, meanwhile, reported that a military convoy with tanks left its barracks in Pristina on Monday and headed for the day with Vladimir Aleksandrov, a northern town of Kosovska Mitrovica. deputy of William Walker, chief of the According to Serb sources, three gypsies were killed in the town Sunday by ethnic Albanian rebels. (AFP, AP)

signing a contract.

undercover delegation then shopping for missile parts at a number of leading Russian defense firms, despite the fact that Iraq was under a United Nations

prosecution, according to Mr. Orlov, director of the nonproliferation center.

INTERNATIONAL

Behind Mandela's Shadow, a Man With a Mission

By Suzanne Daley New York Times Service

ENGCINGWANA, South Africa -Thabo Mbeki, the deputy president of South Africa, earned his degree in economics from the University of Sussex in England and is rarely seen in anything less formal than a double-breasted suit

But this weekend, Mr. Mbeki. who is virtually certain of becoming the country's next president, traveled to this remote, rural village where he was raised and where his mother still runs the local store in a room about the size of a garage. Here, where the houses and huts are separated by dirt paths — often clogged with cows and sheep — and the fields stretch unbroken over the hilly horizon, South Africans got to see a slightly different Mr. Mbeki.

He wore a single strand of his tribal Thabo Mbeki, who lacks a comis traditional in his Xhosa tribe, he sat with mon touch and is seen as cerebral. the village elders in his mother's cattle

pen, drinking home-brewed beer and barbecuing freshly slaughtered meat.

A question about who Mr. Mbeki is

still hangs in the air in South Africa. In recent months, he has appeared to be making an effort to provide an answer. It would be difficult for any man to come out from behind President Nelson Mandela's shadow. But it is perhaps even harder for Mr. Mbeki than it might be for others because he lived in exile for more than 30 years and is clearly ill-at-ease in the public eye.

The events this weekend, including a feast for thousands of villagers, was a way of showing South Africans who remain somewhat suspicious of him that his roots are indeed here along South Africa's southeast coast.
"They will see him in this place,"

said Smuts Ngonyama, director of in-formation for the governing African Na-tional Congress, "and they will know that he is one of them."

The expedition to his hometown also

remind South Africans of his own credentials in the struggle for South Africa. even if they do not reach the stature of Mr. Mandela's 27 years in prison. The Mbeki family was deeply involved in the antiapartheid movement, and several of Mr. Mbeki's family members - including a brother — disappeared and are presumed to have been killed by the police.

By all accounts, the deputy president has been running the day-to-day affairs of the country for several years now, and last year he became the president of the African National Congress. The party is expected to win elections next year easily, but it is hoping for a very large majority and so Mr. Mbeki's image counts.

Despite Mr. Mbeki's obvious prominence in the party, it is Mr. Mandela who is always in the headlines. His touch with the people has produced an abundance of heart-warming pictures as he hugs children and beauty queens and greets ce-lebrities and heads of state. Mr. Mbeki

A collection of Mr. Mbeki's speeches, called "Africa, the Time Has Come," was published this month. Mr. Mbeki spent years as a speechwriter for the African National Congress, and even if his delivery tends to be uninspired, some of his speeches have been memorable, rising almost into poetry. He is famous throughout South Africa for a speech everyone calls the "I am an African" speech, which uses that line as a refrain. "I am an African," it begins. "I owe my being to the hills and the valleys, the

cerebral and stiff. But more and more he

has been going public in his own way.

mountains and the glades, the rivers, the deserts, the trees, the flowers, the seas and the ever-changing seasons that define the face of our native land." The speech he gave to Parliament on the day South Africa passed its new constitution in 1996 ends with, "Noth-

ing can stop us now." Most often Mr. Mbeki, who is married but has no children, is described as a worksholic. Indeed, during the hours of speeches and traditional dancing and singing in honor of Mr. Mbeki on Sunday, Mr. Mandela came over from his own rural village where he vacations to say hello and to tweak his deputy for

working too hard. When it was Mr. Mbeki's turn at the microphone, he told a few jokes, but quickly got down to business. In the briefest speech of the day, he said that some South Africans do not know what to do with their newfound freedom.

freedom means they can rape and steal other people's property. Some believe that freedom means they do not have to go to work. Some teachers, he said, are showing up at school drunk and some police officers are corrupt and even ANC officials were lining their pockets. Something is amiss here," he said. We shall note all this next year and change our patterns."

Some, Mr. Mbeki said, believe that

Stigma of AIDS Leads to a Killing in South Africa worst-hit province. Up to 30 percent of after coming forward in 1994. She moved

By Donald G. McNeil Jr. New York Times Service

JOHANNESBURG - A volunteer working to persuade South Africans not to discriminate against HIV-infected people was beaten to death last week by her neighbors, who accused her of bringing shame on their community by re-

vealing that she was HIV-positive. The killing scared other public-health workers, who said it proved what they have said for years — although 3 million South Africans are infected with the virus

the National Association of People Living With HIV/AIDS - went public on World AIDS Day, Dec. 1, speaking about her HIV infection on Zulu-language radio and on television.

Since then, according to nurses who knew her, she was repeatedly threatened by neighbors in her township of KwaMashu, outside Durban, who said she was giving their community a bad reputation. Last Monday, she was punched and slapped by a man who told her that many others who were sick kept

quiet about it. South Africa has the world's fastest-

adults there are infected. Although Ms. Diamini called the police that day, they did nothing, friends to 1 slocal newspaper. That night, a mob attacked her house and stoned her, kicked her and beat her with sticks. She

"She was a nice, bright woman, and now her child is an orphan because of AIDS," said Mercy Makhalemele, an They have an uphill task. The head of AIDS," said Mercy Makhalemele, an was trying to exercise her constitutional right to freedom of speech."

died the next day.

it because of the hostility they face.

The woman who was killed — Gugu
Dlamini, 36, a volunteer field worker for

out of her township into downtown Pre-toria largely out of fear, she said. Kevin Osborn, a former local leader

with AIDS two steps back." Ms. Makhalemele said she was not sure, thinking it might galvanize anger in

of the association, said he thought the

killing would "put the cause of people

administrator for the association. "But the association, Peter Busse, said last not because she died of it. Because she month that fewer than 100 of the country's 3 million infected people were com-pletely open about it. "When something



From Visionaire's current Fantasy issue, Terry Richardson's clownlike interpretation of Valentino's

Fashion Sets The Tone for Celebration

By Suzy Menkes onal Herald Tribun

ARIS - Like a dedicated partygoer laying down champagne for future celebrations, fashion already seems to be in pre-millennium mode. There is a mood of lighthearted optimism in clothes both in the street and on the carwalk — even before this year's end has been ritually feted on

In contrast to the black, grungy. angst-ridden images that have dom-inated the 1990s, the predominant message from avant-garde designers is a feeling of hope and regeneration that traditionally comes with a new

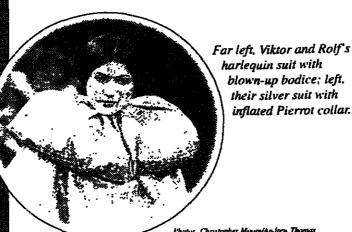
Think of 1999 as the year of the balloon. The attempt last week by Richard Branson to float around the globe may have been a noble failure, but it captured the current madcap spirit.

Hey, you can't wear a balloon! Oh. yes you can! The inflatable dress is the ultimate in fashion whimsy for the new

First there were the swelling torsos, shoulders or necklines from the Dutch designers Viktor and Rolf, who filled out their colorful clothes with blown-up balloons inside them. Out bounced the outfits onto the runway - a Pierrot collar puffed up on a silver body suit or



Above, Thierry Mugler's tulle dress and puffball hair.



harlequin suit with blown-up bodice; left. their silver suit with inflated Pierrot collar.

a harlequin outfit with its bodice in-flated like a life jacket. When the pneu-matic effects were deflated, the extra folds of fabric just draped gracefully.

The witty and whimsical show of Yohji Yamamoto also had a blown-up dress — part of a bridal theme that had started the previous season with a wedding dress unfurled from strings like a

Then there are balloons as playful accessories. At the finale of Alberta Ferretti's spring-summer show in Milan, the models batted balloons around

as though they were chasing soap

In a similar fashion spirit are puffball tulle skirts, voluminous but featherlight, from designers as diverse as the American Betsey Johnson, who even sent out a frilly tutu, to France's Thierrry Mugler, whose models had dresses like spun sugar and hair in giant pom-

If you were searching for a fun ac-cessory for New Year's Eve, think of party favors to go with that sober little black dress. Colored streamers tied

round the wrists at Christian Lacroix played on a ribbon theme that ran through the spring collections. There were ribbons decorating hems, weaving a lattice across a bodice, dangling at the knees from Marc Jacobs's pedal pushers or tied in bows down the spine of a good little girl's party dress from

What else is in the party spirit? There are ruffles at the shoulders (Lacroix), blouse hem (Gucci) or cascading down skirts (Alexander Mc-Queen); balloon sieeves on peasantstyle blouses at Valentino; gleaming gold from the usually discreet Jil Sander, and a dramatic gold leather collar from Jeremy Scott.

In fact, you might be forgiven for thinking that Christmas decorations had been taken down from the tree and used on clothing. Dresses shimmer with a silver dust of sequins and hologram patterns create high-shine surfaces. At the upbeat show of the ebullient knitwear designer Julien MacDonald, woollies dangled with fringe, flower ap-

pliqués and beads. What does all this party business mean? The future may be grim, but fashion seems finally to have left the security of looking backward. Instead of its retro trail through past decades and its focus on the bleaker side of life expressed by so-called grunge or "heroin chic," there is a mild feeling for futurism and a hedonistic enjoyment of the present. The Spice Girls and their sense of fun are the mascots of the moment

The photographers who are marking the end of the 20th century are Ellen Von Unwerth, with her larky, sparky, feminist approach; David La Chapelle, who created arresting, technicolor Adam and Eve images for Giorgio Armani; Mario Testino's groups having a good time, and the vivid, computer-enhanced photographs of Inez Van

Lamsweerde and Vinoodh Matadin. For the editors of the avant-garde publication Visionaire, fantasy is the spirit of modern times. Their latest edition is filled with upbeat images (all presented in circular bauble shapes) including those Viktor and Rolf inflated suits and other fantastical visions by leading photographers and fashion styl-

27 Nestly combed cumudgeon?

night sky

32 Lamp type

36 Filmmake

Jacques

39 ---- Penh, Cambodia

dogse

"It symbolizes optimism to us — a time for celebration and that we have come out of a dark period of fashion and fashion images," said Cecilia Dean, one of the three founding editors, when she chose for a recent issue of Visionaire a Mario Sorrenti photograph in which the clothes were shown on figurines twisted from

(wouldn't you know it) balloons. The idea of fashion filled with optimism and hope may be partly a wrench of fashion's wheel, in which a smiling model becomes the shock of the new.

it could also be a response to public mutiny against dull colors and minimalist design. Although gray has been the overwhelming fashion story for the winter season, a lot of that foggy flannel and slate cashmere has ended up on sale. Color is now the hot story, with red, sky blue, peppermint green and yellow coming to the fore and patterned fabrics making a comeback.

If fashion history is anything to go by,

14 Beginning 21 Jeans brand

22 Tramp 23 Robert Burns,

24 Subway artwork

26 Louis-Philippe

and others

30 "Yay, teem!"

34 Train V.I.P.'s

35 Nary a soul

38 4:00 gathering

40 No longer worth discussing

45 Climb, in a way

lstings: Abbr

45 Fortune 500

at Fused

42 Hare's tail

42 Poe's "The

33 3.7 and 4.0, e.g.

forone

29 Gulf

the start of a century is often a time for lightening up. A new style blows in during the teens, matures in the '20s, solidifies in the middle years, rigidifies by the '70s and is finally challenged by the century's end.

Left, Christian

streamers; above,

bow-collar.

Lacroix's ruff-shoulde dress and wrist

Jeremy Scott's gilded

Above right, Pucci's

jester cap and silk top

Johnson's tulle-layered

Christmas fairy dress.

with harlequin trim;

above, Betsey

Things certainly went that way at the end of the 18th century, when the French Revolution and all its ornate. luxury morphed into wispy, sheer empire dresses and the muslins of the Jane Austen era. Then came the hefry Victorian years with stolid silhouettes and ponderous colors, before the lightening process began again under the Edwardians. Cropped hair and short skirts marked the early years of the 20th cen-

So, in a playful mood, with a jester's hat, a ruff collar and frilled hem, fashion prepares to slough off the firm tailoring and workmanlike separates that have marked the 20th century — and to great the coming millennium with a smile on the face and a bounce in the step.

BOOKS

MY GERMAN QUESTION Growing Up in Nazi Berlin

By Peter Gay, 208 pages \$22.50 Yale. Reviewed by Jonathan Yardley

DETER GAY, now emeritus professor of history at Yale, is well known in the scholarly and literary communities as the writer of numerous large and ambitious books, many dealing with social history and bourgeois life. nearly all heavily influenced by Freud. What is far less widely known is that although Gay writes in English, it is not his native language; he was born Peter Joachim Froehlich in 1923 in Germany. and fled the Nazis 16 years later with his mother and father.

Unlike others thus affected by Nazism, Gay does not see himself as a victim and declines to present himself as such. By contrast with millions of others, he suffered relatively little, survived without physical injury and made a handsome career for himself in his new country. But to this day, he writes, he is afflicted by what he calls "my German problem," essential components of which are a hatred for Germany and Germans that did not begin to abate for many years, and a sense that few people who were not German Jews living under Nazi rule can fully appreciate the complexities of their existence.

It is widely assumed that "Germany's Jews in Hitler's Reich had gone to their slaughter like lambs," an allegation that

when presented to Gay led him to ask: the country the day after Hitler came to power?" This memoir is an attempt to address that question, in personal terms but ones that have broader pertinence.

The beloved only child of middleclass parents - his father was in "the crystal and china business" - who were highly cultured and strongly attached to a large extended family, Gay grew up thinking of himself far less as a Jew than as a German. "There are three ways of becoming a Jew," he writes: by birth, by conversion, by decree. The Nazis, as they began to crack down on Jews in the early 1930s, made him a member of the third group, but he and his parents "did not want to be Jews by Nazi edict; their definition of our 'race' was just another lie that we repudiated

as unhistorical and unscientific." To some extent the Froehlichs, like the Finzi-Continis in their famous garden, simply denied what they saw all around them. But two things mattered more. One was that "we were Germans; the gangsters who had taken control of the country were not Germany - we were." The other was that for a long time life went on pretty much as it always had, a "reminder that major public tremors and mundane private matters easily co-existed. It was harder then than it is in hindsight to work up a sense of urgency; this did not come until the summer of 1938, when

"without compensation and, given the 'Why didn't we pack our bags and leave Nazis' legal and judicial system, without recourse.

liferated and at unprecedented speed," that the little family began to try to flee. it was able to do so because of the courage and persistence of Gay's father, the convenience of having close relatives in Florida and a substantial amount plain good luck. The Froehlichs missed the gas chambers by little more than a wink and a whistle.

They went first to Havana, then to the United States, where they settled in Colorado. Young Peter set about becoming American with determination - his change of name was an early move in that direction — and soon became an American success. But the "vast physical distance from Nazi Germany, even the free air we had yearned so desperately to breathe, had not automatically diminished the pressure of the past, let alone erased it.

It took a long time for Gay to reach an accommodation with Berlin, a city he had loved deeply. He describes his reluctance to cross the border into Germany, his apprehension that as a Jew he would be treated cruelly, his impatience with those who misunderstood the complex situation in which, as a boy, he had lived. He knows even now that Germany will always stir deep emotions within him, many of them unpleasant, but he has come to terms with it.

Washington Post Service

Gay's father was evicted from his firm **CHESS**

By Robert Byrne

OU hear a lot of complaints from L tournament players about what a burden it is keeping abreast of the latest developments in opening practice. Now the computer has been pressed into service, and its remarkable speed makes it possible to add an enormous number of openings to your and your opponents' storehouses. In the game between the Manhattan grandmaster Nick DeFirmian and the French international master David Marciano in the ninth round of the Chess Olympiad, it was not until the 20th move that play diverged from previous channels. The American had worked out a new method and went on

PETROV DEFENSE

		_	
White DeFir'n	Black Marciano	White DeFir'n 15 Qb7	Black Marciar Nal
i e4	25	16 Ral	Bf6
2 N/3 3 Ne5	Nf6 d6	17 Qc6	ReB
4 Nf3	Ne4	18 Qa4 19 Bb5	h5 Re4
5 d4	d5	20 Bc8	Rc8
6 Bd3 7 0-0	Nc6 Be7	21 c4	Rg4
8 c4	Nb4	22 Bd5	Rc5 Bal
9 Be2	Be6	23 dc 24 Qa7	Be6
10 Nc3 11 Be3	0-0 Bf5	25 h3	Rg6
11 Des 12 Qb3	c6	26 c6	Qf6 Kh7
13 c5	Nc3	27 c7 28 Qb?	Bh3
14 bc	Nc2	29 Be4	Resign

to score a victory that gave his team a 2½-1½ triumph over France.
The Petrov Defense, 2...Nf6, is a coun-

terattack intended to keep White from obtaining a serious initiative. Its symmetry is short-lived, as can be seen after White's attack on the center with 8 c4.

The sally, 8...Nb4, is part of a plan to disturb the white pieces and prevent them from digging in on their favorite

After 12...c6, DeFirmian played 13 Rac I against Gregory Kaidanov in New York 1994, but after 13...dc 14 Bc4 25 15 a3 Nc3 16 ab Nb5 17 ba Ra5 the game was even. This time he was determined to get more.

The key point of Black's strategy is 14...No2, with the idea that on 15 Racl No3 16 fe. White gets a backward e pawn and Black the bishop pair. But lately White has countered this with a sacrifice of rook for knight and pawn with 15 Ob7!? Nal 16 Ral.

After 17 Qd7 Bd7 18 Ne5 Rad8 19 Rb1 f6 20 Nd7 Rd7 21 g4, DeFirmian's positional superiority would outweigh his opponent's slight material advantage. Marciano chose to sacrifice a pawn with 16...Bf6 17 Qc6, staking all on a middle game counterattack.

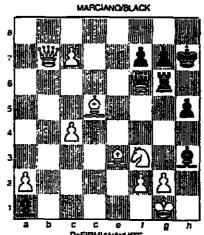
But Marciano's hopes were soon thwarted by DeFirmian's aggressive 20 Bc6!, a great improvement over the passive 20 Nd2 of a Benjamin-Christiansen game earlier this year in San Francisco.

After 20...Rc8 21 c4! Rg4 22 Bd5, De-Firmian had picked up more material and defended his king at the same time. Marciano's 22...Rc5 23 dc Ba1 made a mess of the white pawns, but the important thing was that a lot of them

were still there.

After 26 c6. Marciano might have tried 26...Bd5 27 c7 Rg2 28 Kg2 Bf3 29 Kf3 Qf6 30 Ke2 Qb2 31 Bd2 Qe5. but on 32 Kf1, there are no more checks and DeFirmian queens his c pawn and wins. After 29 Be4!. Marciano saw that

29...Bg2 30 Ng5! would crush him, and



DeFIRMIANWHITE Position after 28..

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Dream Works Dreams Big Moses Film Parts the Seers

By Geraldine Fabrikant New York Times Service.

NEW YORK - It was to be the film in which the DreamWorks SKG partner Jeffrey Katzen-berg would step out of Michael Eisner's shadow — an animated story with a huge box office, just like "The Lion King." and other hand-drawn hits that Mr. Katzenberg helped oversee before his bitter split with Mr. Eisner and Walt Disney Co.

several years ago.

But this film, "The Prince of Egypt," was also to be something more: a movie with a serious theme that audiences would recognize as raising the art of mass-market animation to a new level. Yet while the Christmas weekend ticket sales should please Mr. Katzenberg — the animated story of Moses has held up at the U.S. box office in the face of intense competition from other holiday films — many people in Hollywood say that two weeks after its release, the movie is not

showing signs of becoming a megahit.

"It's still early," an executive with a major theater chain said, speaking on condition of anonymity. "But 'Prince of Egypt' didn't do the kind of opening that forecasts a \$100 million film."

The \$100 million U.S. box-office benchmark is

significant, because industry estimates place the cost of making the film at \$75 million to \$100 million. And DreamWorks is widely thought to have spent as much as \$50 million to promote it.

But whether it was a matter of misjudging the public's appetite for a serious animated film during the holiday season or simply running into heavy competition that may be fragmenting the audience, or perhaps even exposing new fault lines in the animation market, Mr. Katzenberg and DreamWorks have found that it is not easy to ont-Disney Disney.

The film opened Dec. 18 in the United States, bringing in \$14.5 million in its first weekend. By Sunday afternoon, executives of DreamWorks were estimating \$15.3 million for its second weekend, a number that several industry executives at other studios said they found overly optimistic. Using the DreamWorks numbers, the movie has brought in \$40.2 million since it opened.

An executive close to DreamWorks who repuested anonymity said he was convinced that the film would gross more than \$100 million. Others put the final figure at \$80 million to \$90 million in the United States.

Although the film is clearly a critical success the latter figures would not seem to put it on track for the kind of financial success of two more light-hearted holiday-season animated offerings.



Early ticket sales for 'The Prince of Egypt' should please Jeffrey Katzenberg, the film's executive producer, but experts question the long-term prospects.





'The Rugrats Movie,' a Viacom Inc. movie that had grossed \$76.8 million after four weeks, cost a mere \$25 million to make. Meanwhile, Disney's 'A Bug's Life," which has taken in nearly \$100 million for the same period, is the biggest hit of

the group and cost about \$40 million. Though studios keep only about half of the boxoffice gross, once a film reaches a critical level, movie company executives can project how much it will reap from sales in cable, videocassette and other markets. If they know the film's cost and marketing expenses, they can use those projec-tions to estimate when it will reach profitability.

Because DreamWorks has kept its costs a wellguarded secret, it is hard to gauge how much money "Prince of Egypt" would make if it took in \$85 million at the U.S. box office.

Mr. Katzenberg, the executive producer of "The Prince of Egypt," reached by telephone Sunday in Hawaii, where he was vacationing, declined to comment.

The movie is not the first animated film from DreamWorks, a company founded with much fanfare in 1994 as a partnership of Mr. Katzen-

See FILM, Page 14

Creditors Freeze Loans To LG Over Foiled Deal

SEOUL - LG Semicon Co.'s creditors agreed unanimously Monday to freeze fresh loans to the chipmaker after it obstructed a merger with Hyundai Electronics Industries Co. The move marks the first joint punitive action taken by banks against South Korea's

powerful and sprawling conglomerates.

LG's creditors, under government pressure, also agreed to discuss the possibility of calling in existing loans to the company, Commercial Bank of Korea, the main creditor, said. It gave no timetable for that move.

The government demanded the merger be-tween Hyundai, the second-largest South Korean chipmaker, and LG. After prolonged negotiations, the companies agreed to split the new entity 70-30 and let consulting firm Arthur D. Little decide which should have the

bigger stake. On Thursday, the consultant ruled that Hyundai should control what would be one of the world's biggest memory-chip companies. But the president of LG Semicon, Koo Bon Joon, said his company rejected the decision and would sue the consultant for damages resulting from its "fictitious and arbitrary" report.

The planned merger has become a symbol of a government-led drive to restructure the country's highly leveraged corporate sector and ease overcapacity in key industries.

The government blames the top five conglomerates — Hyundai, LG, Samsung, Dae-woo and SK — for destabilizing the economy with ill-considered, debt-fueled expansion, contributing to South Korea's current recession, the worst in 45 years.

The trouble over the merger deal has also turned into a bitter dispute among South

Korean political groups over how to restruc-ture crisis-hit industries.

The opposition leader, Lee Hoi Chang, accused the government of pushing a corporate reform drive "only for demonstrative

effect," arguing that forced industrial re-alignment would backfire. "There should be no more pressure on firms," Mr. Lee said. "The deal to combine semiconductor firms must be scrapped."

Kim Won Kil, a top policymaker of the governing coalition, said the government would not backpedal on its determination to

see its plans implemented. "The government's determination is firm," Mr. Kim said, urging LG Group to consolidate its overblown semiconductor arm with the rival Hyundai Group unit or face financial sanctions.

President Kim Dae Jung said Monday that he hoped LG Semicon would implement the accord between the government, the businesses and the financial community

The government has said that if the assessment is not followed, those responsible for the violation could face financial penalties
Analysts said LG Semicon's move was aimed at securing a better negotiating po-

sition in future discussions on the merger and in other business swaps. "I don't think LG has the guts to fight with the government," said Lee Jae Hyok of Daiwa Se-

curities. "It simply wants more time." Reforming the conglomerates, which owe creditors a combined 160 trillion won (\$132.8 billion), is a priority for the Kim admin-

istration, which is trying to make South Korean companies more competitive abroad. (Reuters, Bloomberg, AFP)

Web-Stock Craze Gains Altitude

NEW YORK - Investors looking to get in on the frenzy surrounding U.S.-listed Internet stocks are pouring money into companies with ever looser ties to the World Wide Web.

On Monday, shares in SkyMall Inc., a catalogue company that mainly caters to airline passengers but does a small part of its sales on the Internet, nearly tripled — it was the second most actively traded U.S. stock — and shares in Active Apparel Group Inc. soared about tenfold after the sportswear company started selling its clothing on the Web. (Page 10)

The action was only the latest sign that a company's quickest path to stock-market favor is just a hint of a step toward becoming an

Internet player.
"Right now, that seems to be all it takes," said Guy Truicko, portfolio manager at Unity

But analysts warn that valuations for many Internet companies may be out of control and that eventually prices could come back to earth. (Page 13)

"We're getting to the place where you have to think about taking the other side of this trade," either by taking profits or selling stocks short, Mr. Truicko said. "But by the same token, I'm certainly not going to try to call the top of this thing.

New Dilemma for Tokyo: Surging Rates

Massive Stimulus Program Lifts Bond Yields, Putting Recovery at Risk

As government bond prices plunged ahead of a flood of debt to fund a tax cut and public works plan, the yield on the benchmark 10-year issue doubled in a month. That threatens recovery in the gworld's second-largest economy, be-trause the yield is used as a reference to set rates on everything from corporate bonds to mortgages. -

Investors were already concerned that the eighth government stimulus package in six years emphasized public works spending at the expense of a cut in sales tax for consumers. Now, even proposals investors welcomed most, such as tax breaks for home buyers, may be canceled out as banks start raising rates for housing loans. "It's a disaster on top of a disaster,"

said Marshall Gittler, head of Asian currency strategy at Bank of America. "The only support for corporate profits over the last several years has been falling interest rates."
On Monday, Sakura Bank Ltd., the

arth-largest commercial bank, raised rates for two of its 10-year mortgage loans by 0.25 and 0.75 percentage While the Bank of Japan is likely to

keep its overnight borrowing rate at 0.25 percent, its 2.2 percent prime rate for loans of more than five years should rise half a point at next fixing if bond yields

stay at current levels.

*Higher rates aren't a desirable Monetary Fund has forecast that the TOKYO — Japan's \$210 billion thing, and they could be negative for remedy for recession has caused an unvelocine side effect: higher interest president of Bank of Tokyo-Mitsubishi (if the lowest forecast that the economy will shrink 2.8 percent this percent next. The lowest forecast that the economy will shrink 2.8 percent this percent next. The lowest forecast that the economy will shrink 2.8 percent this percent next. The lowest forecast that the economy will shrink 2.8 percent this percent next. The lowest forecast that the economy will shrink 2.8 percent this percent next.

Ltd., the largest Japanese lender.

Although banks may profit on the spread between their low short-term funding costs and higher lending rates, they worry that demand for loans could have the spread between their low short-term funding costs and higher lending rates, they worry that demand for loans could have the spread to the spread dry up. They also face losses on bond investments, after underestimating the government's ability to support the bond market as it funds the 24 trillion

yen (\$205.88 billion) package.
Analysts say yields may go even

Investors have got the jitters. The benchmark Nikkei 225-stock index fell 3 percent last week and a further 0.64 percent Monday, to 13,709.06 points.

"The prospect of interest rates climbing with the economy in recession is frightening," said Keiji Kojima of Kokusai Securities Co.

Aoki Corp. last week became the third mid-sized builder in two months to seek forgiveness from creditors, following Fujita Corp. and Haseko Corp. If smaller companies cannot pay or will not pay on their debts, Mr. Kojima said,

banks may apply the higher interest rates only to the biggest companies.

Home owners are also ill-equipped for higher rates. On Monday, the daily Nihon Keizai Shimbun reported that the Construction. Ministry would sek Construction Ministry would ask private banks to ease terms of mortgage

payments for struggling home owners. percent last month, and the International

"If the home mortgages go to 2.5 percent from 2.2 percent, the effects of the tax breaks offered in the latest stimulus program will be completely nullified," said Yosuke Mitsusada, a senior fund manager at NCG Investment Trust Management Co., He recommended selling such home builders as Daiwa

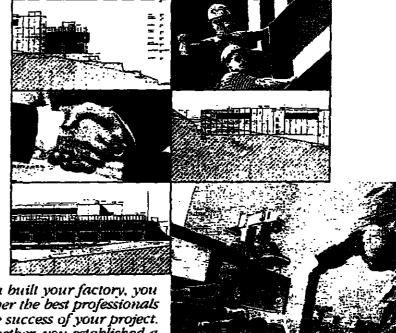
House Industry Co. Higher rates and lower bond prices may thwart a reduction in the mountain of bad loans at Japanese banks, recently estimated at 72 trillion yen. James Fiorillo of ING Baring Securities (Japan) Inc. said a "nightmare situation" could arise because 28 percent of the first-half operating profits at 18 major banks came from their bond portfolios.

A series of shocks this month changed the math for bond investors. The Ministry of Finance said it would double new-debt sales, excluding re-financing, to 31 trillion yen in the year that ends March 2000 to cover stimulus plans. Long-term government debt now roughly matches a year's gross domestic

The ministry's trust fund bureau, faced with a flood of fixed-term deposits maturing next year and increased calls for direct investment from the government, said that it would use only state pension funds and post office savings to buy one-seventh of the new bonds sold at auction, down from one-half in recent months, and that it would stop outright purchases from the market.

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 Cooper Industries Inc. plans to cut 1,000 jobs, or about 3 ercent of its work force, as the maker of Crescent wrenches and Halo light fixtures reduces costs amid a weakening outlook. • SPX Corp., the world's leading maker of automobile-testing equipment, plans to take a fourth-quarter charge of as much as \$250 million to cut 1,000 jobs. or 7 percent of its work force, and close 25 plants and offices following its October purchase of General Signal Corp.

 Fairchild Corp., an aerospace and industrial-fastener manufacturer, agreed to buy Kaynar Technologies Inc., another maker of fasteners, for about \$267 million.

• Panamerican Beverages Inc., the largest soft-drink bottler in Latin America, restructured \$360 million of debt maturing at the end of January with the help of Coca-Cola Co. and its bankers. Coke loaned the Mexican company \$200 million.

• AMR Corp., the parent of American Airlines, agreed to sell its airline and airport-services unit to Castle Harlan Inc., a New York-based merchant bank that specializes in leveraged buyouts. Terms were not disclosed

• JumboSports Inc., a sporting-goods retailer, filed for Chapter 11 bankruptcy protection. Bloomberg, Reuters

Weekend Box Office

The Associated Press

S ANGELES — "Patch Adams" dominated the U.S. fice over the weekend with a gross of 25.3 million ullowing are the Top 10 moneymakers, based on Satuiday's ticket sales and estimated sales for Sunday.

1. Patch Adoms	Universal	\$25.3 million
2. Stepmom	TriStor	\$19.4 m illi on
3. You've Got Moil	Warner Bros.	\$19.1 million
4. The Prince of Egypt	Oregra Works Pictures	\$15.3 million
5. The Faculty	Dimension Films	\$11.8 million
6. Mighty Joe Young	Wall Disney	\$10.9 million
7. A Bug's Life	Walt Disney	STO.) million
8. Stor Trek: insurrection	Paramount	\$7.5 million
9. Enemy of the State	Touchstone Pictures	\$5.2 million
10. Jack Frost	Warner Bros.	\$4 million
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Monday's 4 P.M. Close up to the classing on Wall Street.

Capital Energy Finance

Sky's the Limit for Brave New Digital-Television World

By Lawrie Mifflin New York Times Service

NEW YORK - For an aviation channel is a dream come true programs about planes and flying all day long. Replace the aviation aficionado with a health nut hungry for the latest medical news (mined to Discovery Health), or a do-it-yourselfer immersed in home renovations (Discovery Home and Leisure), or a schoolchild exploring ancient worlds (Discovery Civilization) --Discovery has a channel for each.

Meanwhile, MTV Networks, parent of MTV and VH1, has sprouted seven more offspring for different genres - VH1 Country, VH1 Soul, VH1 Smooth (jazz and "New Age music), M2 (regular MTV on a different time schedule), MTV Ritmo (Latin music), MTV Rocks (hard rock and heavy metal) and MTV Indie (independent music and rap) - making a miniature radio dial on the television set.

Fewer than 2 million U.S. homes can receive these niche-within-aniche cable channels, but they offer a glimpse of a vastly different media universe of the not-too-distant future, a world where an American audience already fragmented by myriad cable channels will be splintered into even tinier shards, as when Fox Family Channel recently announced the creation of separate

networks for boys and girls. Digital technology, which en-ables the television signal to be compressed to carry far more information, is ushering in this new age when perhaps 1,400 or 1,500 choices will be on parade. Some of those choices will take forms that people now associate with comouters rather than television sets. like bringing data to the screen, or Internet access, or interactive shopping, banking or video games.

The first tentative steps into this future are taking place, recalling the days when television itself was being created by people who, at first, tried simply to recreate popular radio shows on film.

Television industry leaders today are as uncertain as they were then about how to use this new medium and about what viewers will want from it. "The transition to DTV is the biggest change in television history since television began," said Sandra Kresch, a partner in the entertainment and media division of PricewaterhouseCoopers, the giant consulting firm. "Everyone has a vague idea of what the technology will produce; everyone has a vague idea of what consumers will want But this has the potential to be so before that nobody is really sure moving to around \$3,000 in three

buff, the Discovery Wings cable is transmitted primarily to cable sysmore to catch on. tems around the country owned by Tele-Communications Inc. Since it television sets - with clearer picwas first offered in late 1997, about tures than current sets and the ca-1.4 million cable customers have pacity to pull in hundreds of channels signed up for it. They get a package of 36 extra channels for \$10 a month and pay \$3 to \$4 a mouth to rent a set-top box required to bring in the in about three years. digital signal.

high-definition television, or HDTV will begin to see three main uses of tailed that they look like Hieronym- grams shown in high-definition forous Bosch paintings come to life. mat (HDTV), many more channel Most experts predict that HDTV choices (multicasting) or varied

how it's going to develop."

years from \$7,000 or more now and causing HDTV to take a decade or

But standard-definition digital - are a better bet for mass consumption. Experts say their prices will fail below the \$1,000 mark with-

For the near future, the average Digital signals can also provide viewer with a digital television set pictures so crystalline and de- the greater channel capacity: pro-

and events (multiplexing).

"The consumer is being offered a decision," said Thomas Rogers, president of NBC Cable and executive vice president of the NBC network, a unit of General Electric Co. "Do they want more choices or prettier pictures? My guess is the answer will be a resounding vote for both."

But because the prettier pictures cost more to produce, and fewer people are likely to buy those expensive HDTV-ready sets, most experts say the industry will concenprogramming and in data broadcastinvolve even narrower, more individually tailored and, eventually, in-

different from anything that's come sets' prices will stay relatively high, choices of starting times for movies teractive choices as digital televi-

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STATE STRANGER

Programmers are trying to position themselves in the new tiniverse. That is why A&E Networks (which is jointly owned by Walt Disney Co., Hearst Corp. and NBC) has started the Biography Channel and the International History Channel, expanding on two of its most

popular existing program brands.
"It's like rolling the dice right now," said Nikolas Davatzes, president of A&E Networks. "I said to myself, 'I'm not sure where this ship trate on greater choices — both in is going, but I'm gesting on it. I don't want to be in a position of ing. Viewing habits are expected to finding out they discovered America and I'm not there because I'm

Cargo Firm **Investors Dig for Internet Gold** To Cut Jobs

DALLAS - Kitty Hawk Inc., the world's largest air-only freight carrier, said Monday that it would cut the work force of its American International Airways division by 1,500 people. or 55 percent, as it focused on its main air-cargo business.

Kitty Hawk said the AIA unit would be an all-cargo contract airline by the time the job cuts were completed at the end of next year.

The Dallas-based company has not decided whether it will take a restructuring charge. The unit carries freight and

operates charter flights for cruise lines and tour companies. High costs and low mar-gins led Kitty Hawk to park two passenger aircraft this month. Passenger flights account for

less than 10 percent of Kitty Hawk's total sales, which were \$478 million in the first nine months of 1998. After the job cuts, AIA's fleet of aircraft will shrink to 19 from 42. "After carefully considering

all the options, we have concluded that the only way to bring the AIA operation up to our mandatory level of success and profitability is to reduce head count and continue to sell or close unprofitable noncore businesses," said Tom Christopher, chairman and chief executive officer. Shares of Kitty Hawk fell 50

cents to close at \$11.50. (Bloomberg, Reuters) NEW YORK - Internet stocks

sent the Nasdaq composite index to a record high Monday, but the broader market lagged the technology stars.

The Nasdaq composite closed up 17.26 points at a record 2,180.29,

while the Dow Jones industrial average finished 8.76 points higher at 9,226.75. But declining issues outnumbered advancing ones by a 3-to-2 ratio on the New York Stock Exchange, and the Standard & Poor's 500 index fell 0.78 point to 1,225.49.

SkyMall was the second most actively traded stock, rising 23 to 35 9/16. The company, which sells goods and services to airline passengers through a catalog, caught attention by announcing a 600 percent increase in Internet sales for the year. But even with the increase, Interpet sales amounted to just 3 percent of SkyMall's total sales of \$65 million. Another little-known company,

Active Apparel, rose 101/4 to 111/2 after announcing it had created a site on the World Wide Web to sell its clothes. "It's pure speculation," said Trent May, who manages the Invesco Growth Fund. "People see the moves that the leading Internet companies have and think that they can uncover the next AOL or Ya-

kidding themselves." But well-established Internet stocks also continued to surge. America Online, the biggest Internet service provider, was the most active U.S. stock, rising 21 1/16 to 157 11/16. Yahoo!, the leading search engine, rose 281/4 to 2751/2. Amazon.com, the on-line book-

seller, rose 271/s to 351 15/16.

said its new Web site had signed up are buying these stocks."
nore than 500,000 members since In the Treasury bond market, the \$100 million marketing campaign to add new accounts.

Charles Schwab rose 33/2 to 633/4, giving the leading on-line broker a pigger market capitalization than Merrill Lynch, the biggest U.S. securities firm. Merrill does not offer value of fixed-income securities. on-line trading.

On-line brokerages also surged.
E*Trade Group climbed 11% to 56% after the No. 2 on-line broker said Ryan Crane, an analyst at AIM Advisors Inc. "Those same Internet-savvy people that are shopping on line are probably the ones that on-line are probably the ones that

September, when E*Trade began a price of the benchmark 30-year issue rose 31/32 point to 101 17/32, taking the yield down to 5.15 per-cent from 5.22 percent Thursday. Prices were lifted by expectations

for U.S. inflation to remain subdued well into next year, enhancing the (Reuters, Bloomberg)

Dollar Slips in Thin Year-End Trading

ower against other major currencies Monday, with traders reluctant to take large positions before the end of the year and the birth of the euro

"A lot of big banks are doing

FOREIGN EXCHANGE

nothing right now," said Peter hoo! by dipping. I think people are Hansen, vice president of corporate and institutional sales at Den Danske Bank in Copenhagen. "The dollar will be relatively stable in the next few days.' With financial markets in London

closed for a holiday, most activity came from corporate customers and was confined to trading against the

'Corporate selling orders capped

the dollar's advance in Asia, and cor-NEW YORK — The dollar was porate orders are providing the dollar was against other major currencies with floor in New York," said Lou Milonni, a trader at Asahi Bank.

Expectations for the Federal Reserve Board to keep U.S. interest rates steady for the near term also limited the dollar's losses, particularly against European currencies.
The U.S. economy is looking quite a bit better than the European

economy," said Jim McCormick, a strategist at J. P. Morgan & Co. The dollar slipped to 1.6760 Deutsche marks in 4 P.M. trading from 1.6813 DM on Thursday and to 115.860 yen from 116.575 yen. It also fell to 1.3683 Swiss francs from 1.3741 francs and to 5.6210 French france from 5.6433 france.

The pound gained to \$1.6762 (Bridge News, Bloomberg)

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index	204.36	+ 0.11	+ 0.05	+ 18.74						
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rica	290.06	— 0.93	— 0.32	+ 34.29						
rica	82.87	— 1.51	 1.79	— 45.72						
el Indexes										
goods	305.96	— 0.06	— 0. 02	+ 48.11						
ner goods	247.07	+ 0.32	+ 0.13	+ 17.80						
	203.04	 0.09	— 0.04	+ 4.14						
,	139,80	— 0.17	- 0.12	+ 13.70						
eneous	197.72	+ 4.79	+ 2.48	+ 31.92						
aterials	168,65	+ 1.51	÷ 0.90	+ 0.84						
•	217.07	 0.53	— 0.24	+ 24.53						
	186.20	+ 1.01	+ 0.55	+ 11.58						
rmational Herald Tribune World Stock Index © tracks the U.S. dollar value termationally investable stocks from 25 countries. Compiled by Bloomberg News.										

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Cheaper by the Minute: German Phone Firms Slash Rates Only the Minute: German Phone Firms Slash Rates Delusche marks (\$32.62) amid investor fears that the price cuts would eat into its earnings. Led by Mo. Can to offer similarly attract vestor fears that the price cuts would eat into its earnings. Led by Mo.

Mary Control of the second of round of telephone price cuts little as 6 pfennig a minute in 1999.

Leached a dizzying pace Monday as

Deutsche Telekom AG pledged to certainly not the end of the road, he halve its minimum price and Mosaid. You can expect to be able to

to one minute.

Dennsche Telekom AG said it Germany in the coming year. rac would drop its price on off peak said that price was "unique world-domestic calls to 12 pfennig (7 wide."

Such a rate drop may be accommodated by an increase in monthly panied by an increase in monthly the premise while MobilCom said it permises the premise would not charge customers in the fees or be subject to turner conditions such as shortened calling ditions such as shortened calling the said hours, although exact details have not been worked out, a Telekom between 7 P.M. and 11 r.v. between 7 P.M. and 11 r.v. to dialed using its 01019 prefix.

Ron. Sommer, Telekom's executive, also told the news

Ron Sommer, Telekom's chief

Bild that the company would cut out with deregulation of the German Deutsche marks (\$32.62) amid in-fees for calls inside Germany to as telecommunications market at the vestor fears that the price cuts would terms," said a spokesman for

bilCom AG offered free calls of up make telephone calls with Telekom

a hew year for domestic calls lasting ditions such as spokesman said.

The reductions marked the latest

percent.

Deutsche Telekom, Germany's former monopoly, has seen its market share slide to about 75 percent as competitors such as MobilCom, which holds 10 percent of the market, have been able to lure customers with lower prices.

analyst with Bank Delbrueck & Co. in Frankfurt. "The pain threshold may have been reached."

Shares in Telekom, 74 percentowned by the German government,

bilCom, saw bigger price drops and VEBA AG. amid fears that they were not as well equipped as Telekom to maintain the pace of reductions. MobilCom fell 7 percent, or 42 DM, to 557. Mannesmann AG, which operates the Mannesmann Arcor telephone company, fell 3.8 percent to 192 DM.

"At some point, the price cuts get dangerous," said Robert Halver, an competitors, O.tel.o and Mannesmann Arcor, said they would match the price cuts set by Telekom once it had become clear when and under

what terms they would apply.
"You can be sure that Telekom's executive, also told the newspaper broadside in a price war that broke fell 55 pfennig to close at 54.85 private competitors will do all they

O.tel.o, the telephone joint venture of the utility companies RWE AG

Another competitor, VIAG Interkom, accused Telekom of "competition-distorting behavior" and said the company was exploiting its remaining monopoly in the localcalls market to subsidize its longdistance business

A spokesman for Telekom said the group would not follow MobilCom in offering free calls. Telekom also said it would try to limit the earnings impact of the price reductions as much as possible through cost savings and business (Reuters, Bloomberg)

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Investor's Europe

Shares Rise On Daimler's '98 Forecast

STUTTGART - Shares of

DaimlerChrysler AG rose strongly Monday after the company said it would post an increase in sales and profit for 1998 because of robust economies in Europe and the United

In Frankfurt, DaimlerChrysler shares closed at 166.50 Deutsche marks (\$99.50), up 8.80. In late U.S. trading, the stock was quoted at \$98.25, up \$4.0625.

Daimler-Benz AG completed its

\$36 billion takeover of the thirdlargest U.S. automaker, Chrysler Corp., in November, forming DaimlerChrysler, Europe's biggest manufacturer. It said Sunday that it expected sales to climb to \$148 billion this year from \$127.1 billion for the two companies last year. The company also said it expected profit to be "significantly higher" than 1997's combined \$6.26 billion.

The company said Monday that it would pay a dividend for the 1998 business year that would be "sharply higher" than the dividend Daimler-Benz paid its shareholders in 1997. Daimler-Benz paid a dividend of 1.60 DM a share last year, while

Chrysler Corp. paid \$1.60 a share. DaimlerChrysler projects sales for 1998 at about 4.4 million vehicles, with the Mercedes-Benz and Smart car brands accounting for 850,000, the Chrysler, Dodge, Plymouth and Jeep brands for 3 million. and Mercedes-Benz, Freightliner, Setra and Sterling trucks for

480,000. DaimlerChrysler also said 13,000

Very briefly:

• Mediaset SpA, Italy's largest commercial-television company, expects to resume talks with News Corp. Europe and Prince Walid ibn Talal, the Saudi investor, about investing in Kirch Group of Germany in the new year.

• Leaders of Germany's two major unions, representing almost 6 million workers, rejected government calls for restraint in pay talks after Bonn moved to cut taxes and raise family allowances. Chiefs of IG Metall, the largest union, and OeTV, a public-service union, said they were sticking to wage demands of 6.5 percent and 5.5 percent, respectively.

• The DAI institute said the proportion of German individuals holding shares climbed to more than 7 percent of the population in 1998, or 4.5 million people, from 6.2 percent in 1997, apparently signaling that private investors had not been significantly deterred by turmoil in the world's markets.

• LVMH Moet Hennessy Louis Vuitton SA, the world's largest luxury-goods company, said its new investment fund had bought Cie. Financiere Laslachere, which in turn is seeking to buy out La Brosse & Dupont SA, France's largest maker of toothbrushes and other hygienic goods.

• Carrefour SA, the French retailer, will accept payments in euros by bank card or check starting next week.

 Philips Electronics NV, Europe's biggest consumer electronics maker, is selling a minority stake in Navigation Technologies Inc. to investors, a step toward a stock offering for the unit. The unit develops digital map databases for use in navigation systems in cars. • Russia's imports have fallen about 25 percent from a year

earlier since the plunge in the ruble in August cut buying power and paralyzed payments in the nation's banks, ac-cording to customs officials. Imports in September were down 41 percent from the previous month, they added.

• Attica Enterprises, a Greek ferry operator, acquired a majority of the Greek airline Cronus Airlines. Analysts said the move showed the company's determination to seek growth beyond Adrianc Sea routes.

 Turkey's central bank governor, Gazi Ercel, said the country would sign a \$15 billion stand-by accord with the International Monetary Fund once a new government had been established in Ankara, the Milliyet newspaper reported. The

pany's products. The work force

• Volvo AB of Sweden denied it had told newspapers it totaled 434,000 at the start of 1998.

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THE THE RE Sweden's Prosolvia Software Firm Files for Bankruptcy to appear at 1.9 Magain

RUBLE STILL SPIRALING DOWNWARD - A woman begging in Moscow on Monday as Russia's economic crisis worsened,

with the ruble slumping by 7 percent to a record low of 20.99 to the dollar. The ruble was trading at 6.3 to the dollar in August.

STOCKHOLM—Prosolvia AB. 2 Swettish somware company, said kronor. Trading was resumed Mononly days after Industrifonden, its day.

Clargest investor, said it would not Industrifonden an unlisted investors and incompany acknowledged that it

pour any more cash into it. kronor (14 cents), after trading as

kronor in March. The shares were The board "hasn't been able to

suspended from trading Tuesday, when industrifonden made its an-The Swedish software company, said nouncement, with the price at 9

> ment company, acknowledged that it Prosolvia shares, which were the had failed to return Prosolvia to prof-Stockholm general index's second—itability after clients balked at buying best performer in the second half of its interactive simulation products ow as 0.30 krona. since April amid media reports that it The stock climbed as high as 384 had overstated 1997 earnings.

identify an alternative owner," said but the transaction was delayed. Prosolvia. "Partial solutions, such as the sale or closure of units, aren't enough to continue operations."

200 jobs, or 43 percent of its work force, and was planning to raise as

first nine months as it slashed the restructuring costs. value of its assets and sales slid,

Systems AB unit, which last year

Prosolvia slumped to a loss in the much as 250 million kronor to cover This month, the stock exchange prompting the company to take fined the company for failing to more charges in the fourth quarter. disclose that it had an option to buy fined the company for failing to

The company was already cutting

Last month, the Gothenburg-based shares in IVS, a company jointly fonden. The exchange also charged accounted for one-fifth of its sales, to that Prosolvia had said IVS was an Asea Brown Boveri Ltd. to try to independently run company, a state-

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Monday, Dec. 28
Daily prices in local currencies.
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raise cash and improve profitability, ment that later proved untrue. High Law Close Prev. **Market Closed** The London, Montreal, Sydney, Toronto and Wellington stock markets were closed Monday for a holi-

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Very briefly:

Hyundai Motor Co., South Korea's No. 1 automaker, tarted exporting commercial vehicles to the United States on Monday, the first South Korean car manufacturer to do so. Ayundai plans to export 70,000 trucks, ranging from 2.5 tons o 90 tons, over the next five years, including 6,700 next

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• Kobe Steel Ltd., Japan's third-largest steelmaker, said it stopped selling hot-rolled steel in the United States in mid-November in response to a threat of anti-dumping duties by Washington. The complaint by U.S. steelmakers, now before he Commerce Department, could lead to tariffs on Japanese steel imports.

• Hong Kong's exports fell 9.3 percent in November from a year earlier as demand slackened in most of the world. Exports in November totaled 113.1 billion Hong Kong dollars (\$14.6 billion), and imports fell 14.4 percent, to 113.8 billion dollars. In October, exports were down 17.5 percent from a year

Toyota Motor Corp., Japan's largest automaker, plans to start producing midsized vans with its Chinese parmer in Sichuan Province by 2002.

Fuji Bank Ltd., Japan's sixth-largest lender, will ask members of its business group for 217 billion yen (\$1.86 billion) in new investment to replace capital drained by years of writing off bad loans. The bank plans to sell 503.5 million shares to 60 companies in its Fuyo group.

Plans to Cut 24% of Jobs

TOKYO -- Fujita Corp., a financially troubled Japanese general contractor, said Monday it would cut 1,203 jobs, or 24 percent of its work force, by April 2002 in an effort to return to profitability.

Fujita said it was asking creditors, including Sakura Bank Ltd. and Tokai Bank Ltd., to forgive a combined 120 billion yen (\$1.03 billion)

"We need to be able to stand on our own feet and move on," said Keishi Kawamata, a member of

Fuilta's board of directors. Sakura Bank said it would "positively consider" Fujita's request, although it added that forgiving loans

would be "an unusual measure." Fujita is suffering from weak demand and difficulties collecting bad oans provided to real-estate affiliates in the late 1980s, before property prices collapsed and the real-estate market began its seven-year decline.

Also on Monday, Tokyu Con-struction Co. said it would slash its work force by more than a third by March 2002 and take a charge of 80 billion yen for the year through March 1999.

Fujita said it would write off 280 billion yen in bad loans and other losses during the year through March. The company, which initially expected a group net profit of 400 million yen in the period, now sees a net loss of 139 billion yen.

Fujita said the other banks from. which it had sought debt relief from were Mitsui Trust & Banking Co., Industrial Bank of Japan Ltd., Sumitomo Trust & Banking Co. and Nip-

pon Credit Bank Ltd. Tokai Bank said it was preparing to meet Fujita's request to forgive loans it had extended to the company. Fujita said it would forgive 50 billion yen in loans provided to its affiliate, Towa Real Estate Co. Towa reported a net loss of 4.1 billion yen in the half-year ended Sept. (Bloomberg, Reuters)

Fujita Corp. Crash Put Malaysian Investor on Road to Profit

KUALA LUMPUR -- Tan

Chong Koay, 48, owes a lot to a speeding motorcyclist who slammed into him on a Kuala Lummotorcyclist who our street when he was 19.

check for 14,000 ringgit (\$3,700), Fund.
he bought shares in a finance company now called Arus Murni Corp. for less than 2 ringgit each. When the stock gained more than 50 percent in six months, "I made my first small fortune," he said.

Since then, Mr. Tan, one of the best-known fund managers here and chief executive of Pheim Asser Management Sdn., has reveled in

turning adversity into opportunity.
"I need a crash to do well," said
Mr. Tan, a founding member of Pheim, which manages 280 million ringgit in Malaysian and Southeast Asian stocks. 'The cheaper you

ringgit in value in a year as the country slid into its first recession in 13 years and controls on the movement of capital in and out of the country sent foreign investors fleeing, has provided him ample opportunity

Mr. Tan, like other local investors, is scouring for bombed-out stocks that could rocket out of the slump — a time-tested gambit that has served him well. He is buying up shares in companies involved in gambling, plantations, electronics and other businesses.

With foreigners largely steering clear of its market, Malaysia will be looking to the likes of Mr. Tan, a graduate of Western Illinois University, to pull its stock market out of its shirip. Since Sept. 1, when the government imposed the capital controls, the benchmark Kuala Lumpur Composite Index has more than

doubled, thanks to local buying. In 1996, Mr. Tan loaded up 25 percent of his portfolio with small stocks traded on the notoriously volatile Malaysian second market. The Kuala Lumpur Second Board Index had more than doubled when Mr. Tan sold most of those holdings in March 1997, four months before Thailand devalued its currency, sparking the Asian economic turmoil. The move

ammed into him on a Kuala Lum-in street when he was 19. Sui San, who helps manage 400. Compensated with an insurance million ringgit at the Pacific Mutual

The Second Board has lost 50.4 percent of its value in the past 12 months.

"Timing is very crucial," Mr. Tan said.

Mr. Tan likes companies with no debt and minimal foreign-currency borrowings and exporters that benefit from the weak ringgit.

He bought shares in Dialog

have any debt.

much a contrarian; he can outperform the majority," said Scott Lim, end fund, Pheim Emerging Blid. a former employee of Mr. Tan's that Mr. Tan was slated to manage.
who is now a fund manager at CMS.
Then came the capital controls. Dresdner Thornton.

ham — who advocates buying un-Group Bhd., a construction and engineering group, at an average cost of 3.10 ringgit each in August. The dervalued shares and selling them when they are overvalued — has consistently beaten the market.

While Mr. Tan's Malaysian earned Mr. Tan a reputation as stock has since surged to 11. It is one "King of the Second Board."

"He's quite reputable. He has the knack of companies small stocks, and growth," he said. Dialog's profit for growth as not the recession miscathed. escaped the recession unscathed percent, and the company does not Not even his reputation could stop underwriters, led by Arab-Malay-Mr. Tan "can sense the direction sian Merchant Bank Bhd., from of the market well, and he's very pulling out of a 105 million ringgit initial public offering of a closed-

Then came the capital controls, which bar foreigners from repat-Mr. Tan, who is a fan of the riating proceeds of stock sales for "value" investing principles of the one year. For Mr. Tan, that proved a legendary investor Benjamin Graput money into his fund collapsed.

"We are all trained to invest in an expanding economy - now we have to adapt," Mr. Tan said.

The battered Malaysian stock market, which lost about 600 billion POSCO Fires 19 Executives Amid Inquiry

SEOUL - Pohang Iron & Steel Co., the world's second-largest steel-maker, said Monday it had replaced 19 executives in connection with an. inquiry into corruption allegations.

The moves came as the government asked prosecutors to investigate alleged corruption involving the steelmaker's former chairman, Kim Mahn Je, and three current executives, the company, which is known as POSCO, said.

"Our immediate reshuffling follows our current chairman Yoo Sang pany every three years.

Boo's management philosophy that allows an authorized person to make a decision and that the decisionmaker should take the whole responsibility," the company said.

A four-month audit of the com-

of Audit and Inspection produced a host of allegations, including one that the former chairman, Mr. Kim, embezzled 420 million won (\$348,000) during his tenure from 1994 to March 1998.

The government audits the com-

The audit board turned up 170 instances of alleged malfeasance at the company since 1993.

It ordered POSCO to punish 39 executives who had incurred losses and to improve its contracting methpany and 12 of its units by the Board ods to enhance transparency, said Lee Sang Hoon, a spokesman for the

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andit board. The board said that since 1996. POSCO and its affiliates had made contracts based mostly on private negotiations rather than open bidding, resulting in as much as 1.36 trillion won of losses.

China Tightens Rules on Stock Trading

SHANGHAI — After six years of debate, China's Parliament has made "final modifications" to a law aimed at tightening stock-market regulations, the official Shanghai Securities News reported Monday. A subcommittee of the National People's Congress Standing Committee has resolved 15 issues that

had been holding up passage and

ban on equity trading ban by stateowned enterprises and banks.

"State enterprises and companies that could be used to manipulate controlled by state enterprises can-share prices, the newspaper added.

proposed that the law take effect not trade shares listed on the stock markets," the newspaper's summary said. The introduction of such ted to be approved before the Parliament's current session ended wednesday. In the final draft, legislators kept in place a horty debated would be used to gamble on stocks. State owned companies have large sums of money at their disposal

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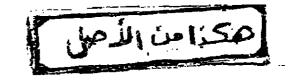
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INTERNATIONAL INVESTING

In 1998, Investors Woke Up to the Five Lessons of Owning Internet Stocks

By Saul Hansell New York Times Service -

NEW YORK --- Had a celebrant dozed off last New Year's Eve and not come to known book-selling comuntil now, he might woozily take a look at petitor, Barnes & Noble the Internet business and conclude that it Inc. In the third quarter, had been an uneventful year.

Poster English After all, the leading on-line service is still America Online Inc., the most popular site on the World Wide Web is still Yahoo! and people are still transacting the most electronic commerce through Amazon.com Inc. All these companies are growing briskly, as on-line use increases, just as they were a year ago. But what if our Net van Winkle were

to groggily dispatch a series of electronic mails to internet investors and finan-ciers, asking what he had missed? At easy is it might appear," ves Amid Inque first, of course, he might be flamed by those incredulous that anyone could sicep through all that ruckus. Internet stocks soared early this year before stalling and then plunging in a terrifying free fall in October, only to pull out and zoom even higher than before. Mean-Model lead to the while, initial public offerings by Internet companies were exploding into the firmament like fireworks.

For all the bombast, though, a look ack at the events over the year indicate at our sleepy celebrant's initial characteristics. back at the events over the year indicate that our sleepy celebrant's initial ob-servation might be fairly accurate. In the Internet business, the forces propelling the leading companies like America Online, Yahoo! Inc. and Amazon.com remained the same — even if the pace picked up faster than anyone might have expected. And yet the turnilmous year America Online is worth aldoes seem to yield at least five lessons about the Internet industry and the stocks ney Co. and that Yahoo! is associated with it:

• The big get bigger, and the small 1 Stock Trading &

At first glance, the Internet seems to favor David over Goliath, because any upstart can open an on-line store or an electronic publication. But it appears that the first capable pip-squeak to shoot a slingshot in any given area may grow to giant size so quickly than any new challengers have been kept at bay.

"Some very powerful franchises have been built on the internet in an incredibly short time," said Fred Wilson, a prin-cipal with Flatiron Partners, a New York venture capital firm. "Some of these companies will be the leaders of the economy in the next millennium.

The best example is Amazon.com, which continues to widen the gap between itself and its better-Amazon com's first full quarter selling compact disks, it became the leading American on-line music retailer. (It's not an accident that the previous leading on-line music retailer, CDnow Inc., is buying another rival, N2K Inc., to counter

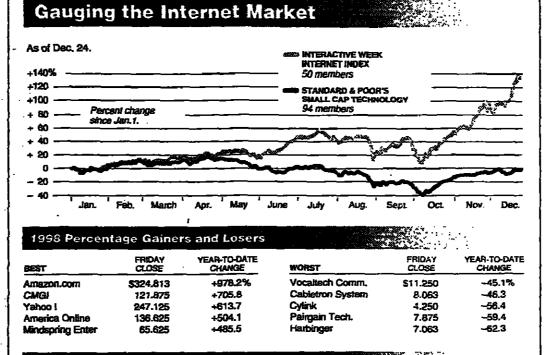
the new giant.) "Being a successful Insaid Derek Brown of the investment bank Volpe

 When investors spot a category leader, there is no limit to what they will pay to own the stock. The main lesson of 1998 said Keith Benjamin of

It is fruitless, Mr. Benjamin has concluded, to try to find rational explanations for the astronomical Internet stock prices sliding across the ticker. The fact that, in the stock market, most as much as Walt Dis-Corp. is simply not relevant,

"The market opportunity here is big enough that that is what we should be focused on for has pushed prices even higher. any given segment," he said, "and com-

petitive position is the most critical factor in judging these stocks." Such judgment, of course, involves far more forethought than many investors may be applying. Yet, while much of the upward pricing pressure has come from individual investors, increasingly the big boys have started to compete for the relatively small number of net company. shares in circulation for the leading Internet companies, a development that troduced the anti-gravity diet, where no



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"Institutional portfolio managers learned to 'embrace' Internet stocks in the second half for a simple reason," said David Readerman of Nationsbanc Montgomery Securities. "The stocks were going up, and their relative per-formance suffered by not owning enough of them."

Selected 1998 Internet IPOs

 Everybody wants to be an inter-Imagine the frenzy if someone in-

matter how much you ate, the scale would still register you as weightless. globe.com, an on-line chat service that has many fewer users than many of its That is the equivalent of what the stock market has offered to Internet companies, which are not penalized for

gluttonous spending far in excess of their meager incomes. So it is no surprise that all sorts of other companies, weary of weighing in every quarter with the traditional measure of profit or loss, would want to belly up to this brave new train-

stock, when the company — best known for hawking

music compilations during late-night television broadcasts - announced it was moving onto the Web, K-Tel's stock quadrupled in two weeks, and even now is up 80 percent from its pre-Web days. It was trading at \$12.5625 on Monday.

"The public is in love with the Internet and believes that Internet stocks are the way to play the fu-ture," Mr. Wilson said. But the public is not particularly adept at picking the good ones from the bad

 Investors are very selective in accepting initial public stock offerings (ex-cept when they'll buy anything.com).

After the sharp drop in Internet stocks in the second half, there was nearly a month without an initial public offering. Finger-wagging financiers warned that it would be very difficult for any but

the very best Internet companies to go public. Then the market devoured offerings from Broadcast.com Inc., the

leading Internet audio service, and eBay Inc., a leading internet flea market. Suddenly, all sorts of companies were going public that were hardly leaders in anything. One

such offering was for Thecompetitors but still saw its shares jump to \$97 from \$9 on the first day of trading

in October. It now lingers at \$38.50. One sign that the death of outrage much noted in Washington, is equally applicable on Wall Street is that Zapata Corp., a fish oil processor, has just resurrected its much-ridiculed plan to transform itself into an Internet service under ing table. the name Zap. Zapata's shares nearly doubled in price Wednesday, when the

Tel International Inc.'s company issued a news release announ cing its comeback. The shares were trad ing \$1.75 lower at \$10.625 late Monday The power is in the portals.

Reading his e-mail, Net van Winkle would not know what people mean when they wrote of "portals." A year ago, services like Yahoo! and Excit. were known as search engines, although they had already started to offer other portal services such as news and shopping guides, to keep their vast audience on their sites longer.

This past year, these companies and others doing business as portal sites, along with America Online, were the main beneficiaries of all the money that was pumped into Internet public offerings. How come? Because all of the emerging commerce sites, like eBay, and on-line communities, like GeoCit-ies, spent millions of dollars to buy advertising and other promotions on the popular portal sites.

"It was the Tom Sawyer phenom-

enon, where all of the neighborhood kids paid Tom Sawyer in order to paint the fence for him." said Michael Parckh of Goldman, Sachs & Co. "One-third to one-half of the money raised by Internet offering. Fin- IPOs," he said, "was immediately given financiers on to the portals."

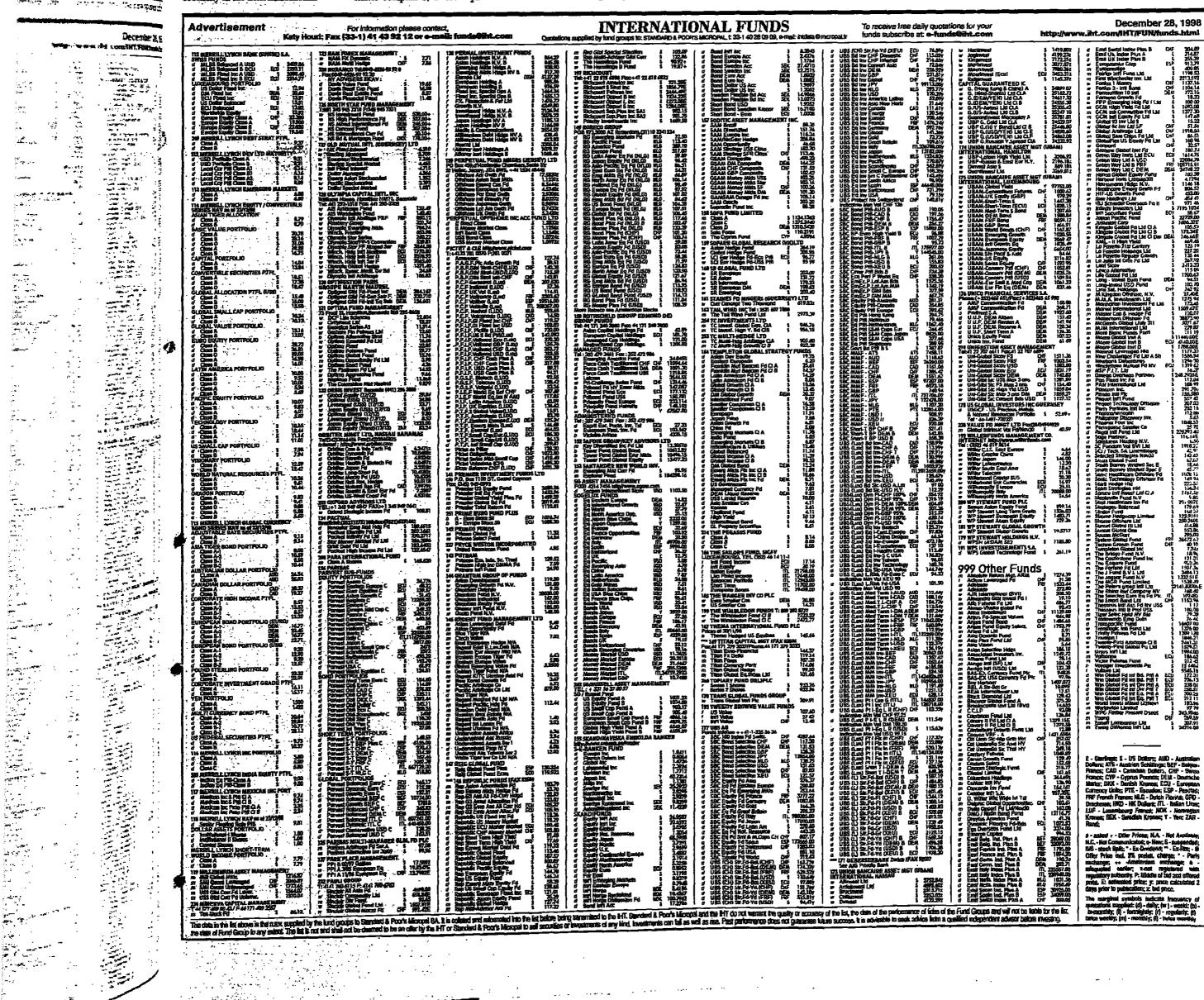
So what about next year? Would these lessons become all the more evident after another 52-week nap?

They could. But then again, 1999 might be the year when even some of the Internet giants are toppled. Maybe Walf Disney's new Go Network will steal some of the thunder of Yahoo! Or the upstart Buy.com, which sells books and computer products at a loss to make money on advertising, could surge past Amazon.com.

Or maybe Congress will figure out how to impose sales taxes on Internet purchases, slowing the growth of electronic retailing. With expectations and many Internet stock prices at such giddy beights, it might not take much of a disappointment to set off a major, negative mood swing. "Valuation is the risk in 1999," said:

Mr. Readerman, the analyst, "When the stocks stop performing, the herd who rushed in could just as easily reverse course, as everyone tries to get out first.

And that kind of a crash could be a little harder to sleep through.



EU's Agenda to Grow in 2000 as Euro Brings With It New Set of Priorities

By Barry James

BRUSSELS — The euro has always been the keystone of the edifice envisaged by Jean Monnet, the founding father of the European Union. But as the single currency comes into being on Friday, the EU will have to confront a whole set of new tasks in 1999, including the building of a foreign policy and the community's enlargement toward the east.

The conundrum facing leaders in 1999 will be how to complete the European edifice, while preventing it from collapsing under its own weight as up to 11 more nations try to pile into a structure built for six and now holding 15. The blueprint of how this might be

accomplished is a thick dossier of proposals known as Agenda 2000.

Germany, which assumes the rotating

starting on Friday, will have the task of shepherding the legislation through.

Mr. Monnet and many of the postwar leaders who gathered at his home in the countryside west of Paris in the 1950s to

plot the region's future of over brandy COUNTDOWN TO THE EURO and cigars had a federalized idea of Europe, in which powerful institutions would gradually annex the functions of

government clearest example of this is the European Central Bank, which will take over the monetary policy of 11 countries Friday, depriving them of a considerable part of their economic sovereignty.

As they prepare to adopt the same bank notes and coinage, disparate na-

presidency of the EU for six months tions will increasingly be drawn into a initiatives with the governments. circle of cooperation and further institution-building, or so the theory goes. The question is whether the EU, which has proved powerless in the face of such conflicts as those in Bosnia and Kosovo. can at last acquire a political weight to match its economic muscle.

In 1999, the EU is expected to name its first high representative for political and security policy. He or she will be responsible for guiding nascent efforts toward the common defense envisaged by the Maastricht treaty on European economic and monetary union.

The complementary Amsterdam treaty, which will come into force after its ratification by national parliaments, provides for the creation of a policy anning and early warning unit, which will work with the high representative, and share the task of plotting long-term

The Amsterdam treaty will also allow for majority voting under a greater variety of circumstances, making it difficult for a single country to block progress and spurring nations to seek compromises. Elections in June for the European Parliament could strengthen that institution and give the EU more credibility.

During the year, member states will appoint a new executive commission. which will have the task of consolidating the single market in an area containing 370 million inhabitants and 16 million businesses.

There is scope for more action in areas such as transport, tax policy and public procurement. The new commission will also need to get tough on states that have failed to put into effect laws they have already passed — by some estimates, up to 15 percent of single

market legislation on the statute books has not been put into force.

At their summit meeting in Vienna this month, EU government chiefs gave themselves, until a special conference in Brussels in March, to complete the Agenda 2000 negotiations.

The agenda encompasses three inperiocked problems, none of which can be solved in isolation from the rest: • Enlargement to include five new members in Eastern and Central Europe

plus Cyprus. Five other Eastern coun-

tries are waiting in the wings. Reform of the EU's Common Agriculture Policy, which funnels half the EU's \$100 billion budget to a small and constantly diminishing sector of the population, and scaling down of the structural funds — accounting for a third of the budget - designed to help poorer countries catch up with the richer.

Drawing up of a new budget for the EU between 2000 and 2006.

Forced into austerity mode by the demands of the single currency, no country is challenging the upper limit on EU spending, which stands at 1.27 percent of the union's gross domestic product

The arguments are entirely concerned with how the pie should be sliced, with Germany at one extreme complaining it pays 100 much, and Spain at the other extreme defending its turf as the EU's biggest net beneficiary.
Although the positions are far apart,

EU officials described the mood at the Vienna summit conference as constructive, giving cause to hope that a solution will be found during the German presidency that will enable the EU to move shead with enlargement talks when Finland takes over the presidency in the second half of the year.

JOBS: Wave of Corporate Consolidations Will Pose Tough Choices EUROPE:

Continued from Page 1

cern it would diminish German influence. But sovereignty concerns also have inhibited cross-border deals in banking, with Deutsche Bank complaining openly that its aim of acquiring a French bank had been stymied by government opposition in Paris.

Despite all the obstacles, however, the momentum of Europe's merger wave appears almost unstoppable. For one thing, even after a record \$549 billion of mergers and acquisitions in 1998, there is still an enormous amount of restruc-

turing to do in European industry.
"Generally, we're still in the early stages" of Europe's merger boom, said Michael Zaoui, co-head of European mergers and acquisitions at Morgan Stanley Dean Witter, which advised on more European mergers and acquisitions than any other investment bank in 1998, including British Petroleum Co.'s purchase of Amoco Corp. and the Belgian-Dutch financial concern Fortis's purchase of Generale de Banque SA of Belgium.

'Most of the true consolidation has happened at a national level so far. We have to move to the next phase of consolidating across borders.

Stock-market analysts, for example, no longer look at companies on the basis of their country but by industrial sector, directly comparing French and German automakers and British and Spanish banks. As a result, Mr. Zaoui said, "corporations will be inclined to do transactions to respond to this new situation." The euro, the common European currency that already has influenced the growth of mergers, will have an even more powerful effect after it is formally introduced at the end of this week. This arrival of a single currency for 11 countries is forcing compa-nies to think about their futures in pan-

European terms and beyond. "The common currency is going to a driver for people to do deals for fensive reasons," said Justin Dowley, co-head of European mergers and acquisitions at Merrill Lynch & Co. "The globalization of most industries is mak-

ing some people feel quite small." Takeover speculation drove up the share prices of Volvo AB and Bayerische Motoren Werke AG just before Christmas, illustrating that even some of the top names in Europe's automobile industry appear vulnerable now that Daimler-Benz's takeover of Chrysler has set a new standard for the global car industry.

The euro also appears to be having an impact on investor attitudes that heralds a truly pan-European market for stocks

Mr. Meltzer of Credit Suisse First Boston said the most significant development of 1998 was the ability of several companies to persuade shareholders in another country to accept their stock in a merger, a key feature in deals such as the \$34 billion combination of the drug companies Astra AB of Sweden and Zeneca Group PLC of Britain. Previously, most deals in Europe have been in cash, a factor that has tended to limit merger activity to the biggest and richest companies.

The fact that we are seeing these kind of transactions means we are going to see a growth of M&A activity in 1999," Mr. Meltzer said.

For the most part, bankers expect mergers to continue at a high level in industries such as pharmaceuticals, banking and other financial services. telecommunications, energy and utilit-

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the start of a major consolidation of Europe's aerospace and defense industries. And recent deals between Siebe Continued from Page 1 PLC and BTR PLC in Britain, VIAG AG and Alusuisse Lonza Group on the Continent and the speculation about automaker mergers suggests a surge in consolidation among basic manufacturers.

Regionally, bankers predict a surge of activity in France and Italy as corporate restructuring shifts from the privatization of state-owned companies to the shifting of assets or regroupings via mergers and acquisitions. German companies also are expected to remain active, inspired by the bold moves of DaimlerChrysler and Deutsche Bank.

But all this activity will challenge Europe's goal of lowering unemployment. The Kiel Institute, for example says that German wages will rise by 3.5 percent to 4 percent in 1999, far ahead of an estimated 1 percent inflation rate, as unions seek to take advantage of the recent fall in unemployment and the government sees wage increases as central to sustaining growth.

The jobs issue already is paramount in the minds of corporate executives and their investment-banking advisers. Mr. Zaoui of Morgan Stanley Dean Witter said, "In most transactions we do, the social component is very important, and carefully scrutinized." In contrast to the United States, where some merger partners positively vaunt their job-reduction plans, Mr. Zaoui said, "I've never seen a transaction in which a chief executive has said. 'We need to do a deal so we can lay off 10,000 people."

The result is that restructuring can take more time to achieve in Europe than in the United States, Mr. Zaoui telecommunications, energy and utilities. The new year also is expected to see deals from being made, he added.

chief economist at Independent Strategy in London, "is that many of the new-left leaders in Europe feel they cannot leave it purely to market forces to lift Europe into

new stage of growth and create jobs." Mr. McKee pointed out that many leftist European politicians had been elected "on a manifest that they will get Europe back to work." Yet, he said, "they bristle at deregulating the labor market and letting market forces bring about employment generation.'

J. Paul Horne, a senior economist at Salomon Smith Barney in London, painted a bleak picture of Europe's economic prospects for next year, saying: "I think the thrust of the change in policy direction in Europe is really backwards. I know the leaders want to create jobs, but the approach they are taking is wrong, it is a return to state interventionism.

Mr. Home said he feared that in Germany, Mr. Lafontaine's policies - especially eliminating tax loopholes for the corporate sector, favoring large wage increases for workers at a time of low inflation and restoring welfare cuts made by the government of Mr. Kohl -would prove to be "a sure way of put-

ting a halt to job creation. Even Fred Bergsten, a top U.S. economist who has been advising the German government, said it "is still groping, is inexperienced and has big internal divisions about economic policy.

Mr. Bergsten said Mr. Lafontaine would not succeed in lifting growth or creating jobs if he "puts all his attention on the stimulus side." Instead, Bonn, along with other European governments, needs "a more balanced approach that includes making the labor market more flexible.

This more pragmatic approach, many economists say, has been adopted by Mr. Strauss-Kahn. "Let us hope that the Strauss-Kahn approach will radiate out as the German government matures,' Mr. Bergsten said.

Mr. Strauss-Kahn, in the interview, "The modern European left," he said, treats markets as essential institutions." Europe, Mr. Strauss-Kahn said, "has changed." He pointed out that in the battle against unemployment, the "old left" believed in pouring cash into the economy to spur job creation through growth, while conservatives fo-cused on structural reforms such as

making hiring and firing easier.

The new left, he said, has made reducing unemployment "a top priority" and "emphasizes a two-handed strategy combining a growth-friendly macroe-conomic environment and reforms of the product and capital markets." Despite Mr. Strauss-Kahn's good in-

tentions, however, the jobs crisis can be expected to be a dominant political and economic theme throughout 1999. Unemployment may dip slightly in the opening months of next year, but it will

rise again or remain high by the end of next year, according to many privatesector economists. The gap between political rhetoric and

economic reality could widen further next year. "If the drive for a more social Europe means a failure to carry through real structural reforms," Mr. Mayer of Goldman Sachs said, "then we could face more than just high unemployment. We could face a political and social backlash over the next two or three years."

COMPUTE: The Post-PC Debate Is On

Continued from Page 1

The forerunners are digital cell phones, such as the Nokia 6000-series phones and the Qualcomm PDQ, and hand-held devices, such as the Palm Pilot and the Motorola Pagewriter.

If these diverse digital gadgets are an indication, the information appliance market will likely resemble the consumer electronics business, with a flood of different products in every shape and description — a world apart from the beige-box monotony of the personal computer industry.

The post-PC enthusiasts see a future when everything from a household's car to its coffee maker has its own embedded microchips, ready to receive remote instruction. From work, a person could tap into the Internet to, say, program the videocassette recorder and defrost food.

"We're at the beginning of a new age where we will have an explosion of embedded and personal devices," said William Joy, a founder of Sun Microsystems Inc., where he is vice pres-

ident for research Paul Horn, a senior vice president for research at International Business Machines Corp., is another adherent to post-PC doctrine.

"The trend is pretty clear toward a. proliferation of different computing devices at the individual level being fed specialized information from powerful networks," he said.

But opponents of such thinking — most notably Microsoft and Intel — deride the post-PC concept as an amalgam of half-truths expounded by the losers in the personal computer revolution.

The PC, the industry incumbents con-

cede, must become smaller, cheaper and easier to use. There is a shift under way, they also say, toward more of the technology and software development being focused not on the desktop but on network hub, or server, computers.

Yet all of that, they argue, can and will be embraced by the evolving personal computer industry, which has the capacity to expand both upward to take over industrial-strength corporate comframe computers, and downward into the market for hand-held devices.

"It's not the post-PC era," said Craig Mundie, senior vice president for consumer strategy at Microsoft. "We're entering the PC-plus era."

There will be a place for non-PC appliances. Mr. Mundie allowed, but they will be "complementary to the evolving personal computer" — anchored to the machine, not divorced from it.

What the post-PC revolutionaries un-derestimate, the industry incumbents say, is the pull of the 250 million people who use personal computers and represent the infrastructure of modern computing.

'When you have hundreds of milions of users, change is evolutionary,"
Mr. Grove of Intel said. "Computers will become smaller, cheaper and more mobile. But they will be mostly full-function personal computers because people are going to want their same data in a form they are familiar with for years and years to come."

No one argues that the personal computer will go away. Indeed, personal its difficulty."

computer shipments worldwide will

The persons rise nearly 13 percent annually though 2002, according to an estimate by International Data Corp., a research firm. What the post-PC faithful foresee, though, is a shift away from the personal computer as the dominant computing

technology. They can point to projections from International Data that by 2005 more information appliances linked to the Internet — including television set-top boxes, screen phones and hand-held computers — will be sold than personal computers.

Information appliances, notes Steven Milunovich, a managing director of Merrill Lynch & Co., represent a break in the evolution of the computer industry because they are specialized devices designed to perform one or two tasks well — instead of the general-purpose computers that both mainframes and personal computers have been.

All of these new appliances will have ligital technology in common, but they will be tailored for dozens and dozens of special-purpose niche markets, catering to different needs and users. It will be a more diverse business, far less susceptible to being dominated by a few leading technology vendors, as Microsoft and Intel rule the personal computer in-

The emerging information-appliance industry has attracted the consumer-electronics giants. Sony Corp., for example, is working to develop a class of devices adapted for what Mario Tokoro, head of the company's information Technology Laboratories, calls the

coming era of "intimate computing."
"The PC was created in the image of the monolithic mainframe of long ago," said Mr. Tokoro, who is a computer scientist. In contrast, Sony expects the information appliance market to produce the Internet's answer to its Walkman products — an opportunity for innovative new devices not available in

the mature personal computer industry. Within IBM, the post-PC world is called "pervasive compating." After a yearlong internal study. IBM has set up a pervasive companing unit to make sure the company's various businesses are attuned to this emerging market.

"We concluded this is going to be a

big deal and it's going to change the industry," said Mark Bregman, general manager for the pervasive computing

unit without rapid arrival of high-speed data networks that can deliver movie-quality video and audio to information appliances anywhere — the obstacle that opponents of the post-PC concept say will forestall any major changes. Mr. Bregman says the near-term benefits will be conveniences like calling a toll-free telephone number while on vacation and leaving voice-mail instructions so that several specific electronic mail messages you are expecting will be forwarded to you for reading on the

display screen of your cell phone. According to the post-PC doctrine, the obstacle that prevents personal computers from being used by more than some 40 percent of American households is not their cost, which keeps dropping, but their complexity. One of the intellectual leaders of the post-PC movement is Donald Norman, a former researcher at Apple Computer Inc. and Hewlett-Packard Co. whose new book The Invisible Computer' proclaims, The Achilles' heel of the modern PC is

The personal computer, Mr. Norman says, is the Swiss Army knife of modern technology. "While it can fill an amazing variety of needs, it isn't particularly good at any one of them," he writes. The author's conclusion: "Information appliances are the solution." appliances are the solution."

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FILM: DreamWorks' Moses Movie: No Sea of Red Ink, but Megahit?

Continued from Page 9

berg, the record-industry magnate David Geffen and the filmmaker Steven Spielberg. In early October, Dream-Works released "Antz," a computeranimation movie similar in look and theme to "A Bug's Life," but like "Prince of Egypt" aimed at a slightly older audience.

"Antz," which cost an estimated \$42 million and at the time of its release had the animation field to itself, long ago became profitable. But for DreamWorks, there is per-

haps much more riding on "Prince of Egypt," a film aimed at Disney's forte - hand-drawn animation. The effort devoted to making and marketing the movie indicates that Mr. Katzenberg's motivations in building an animation division are based on much more than an ego battle with Mr. Eisner.

"Animation is the source of money that will make DreamWorks work," an executive at a rival studio said in an interview this year.

That is because the profit margins for animated films are generally much higher than for live-action movies. Not only do animated films often generate sales of related products, but they do not depend on costly stars who take either a big share of the upfront money or a

Schroder & Co., explained the math this way: "If Disney invests \$10 in a liveaction film, the year lucky if they can return \$12 or \$13 that they can keep. For an animated film, they expect to keep at least \$25 on a \$10 investment. In both cases, the return includes profits from soundtracks, videocassettes and merchandising.

In the case of animated films aimed at children, of course, merchandising of ten means tie-ins with retailers who are eager to turn a movie's expected pop-ularity into an occasion to sell more of their own products.

The Burger King unit of Diageo PLC, for example, has spent an estimated \$25 million to promote "Rugrats." McDonald's Corp. had a similar promotion for "A Bug's Life," which one Disney executive said was worth about \$30 million in advertising.

The absence of stars also means that the budgets for sequels are not burdened by the demands of ambitious actors in search of ever-higher payouts.

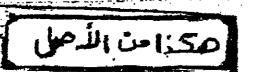
As Mr. Karzenberg well knows, it is a business model that his former employer, Disney, has pursued long and profitably.

David Londoner, a media analyst at Stores Inc., which is selling copies of the film's soundrack that include two coupons redeemable for a movie ticket. Terry Press, the Dream Works marketing chief, said the studio had been tweaking its advertising strategy to bring in more families and children after an opening weekend in which is selling copies of the film's soundrack that include two coupons redeemable for a movie ticket.

percent of those attending "The Prince of Egypt" were adults not accompanied by children. "I have shifted things to be more family-targeted, because we already bring in the adults," she said.

During the opening weekend, for example, newspaper ads for the movie evoked a museum poster — an iconic silhouette of the Moses character, inset with a far-off view of the Great Pyramids. This past weekend, the movie ads evoked a superheroes cartoon, depicting a chariot race between a youthful, bare-chested Moses and the youthful, bare-chested Pharaoh-in-waiting

Ms. Press disputed industry estimates that Dream Works had spent \$50 million promoting the film, saying the true figure was closer to \$30 million. She said. the discrepancy was due to the fact that most industry analysts are in either New York or Los Angeles and tend - m But DreamWorks did not forge any McMoses Fun Meal-type links for "The Prince of Egypt." The sole merchandising their is a deal with Witchian in those markets have been divided in the country. percentage of the box office — or both. dising tie-in is a deal with Wal-Mart to impress the industry," she said. in those markets because we are trying



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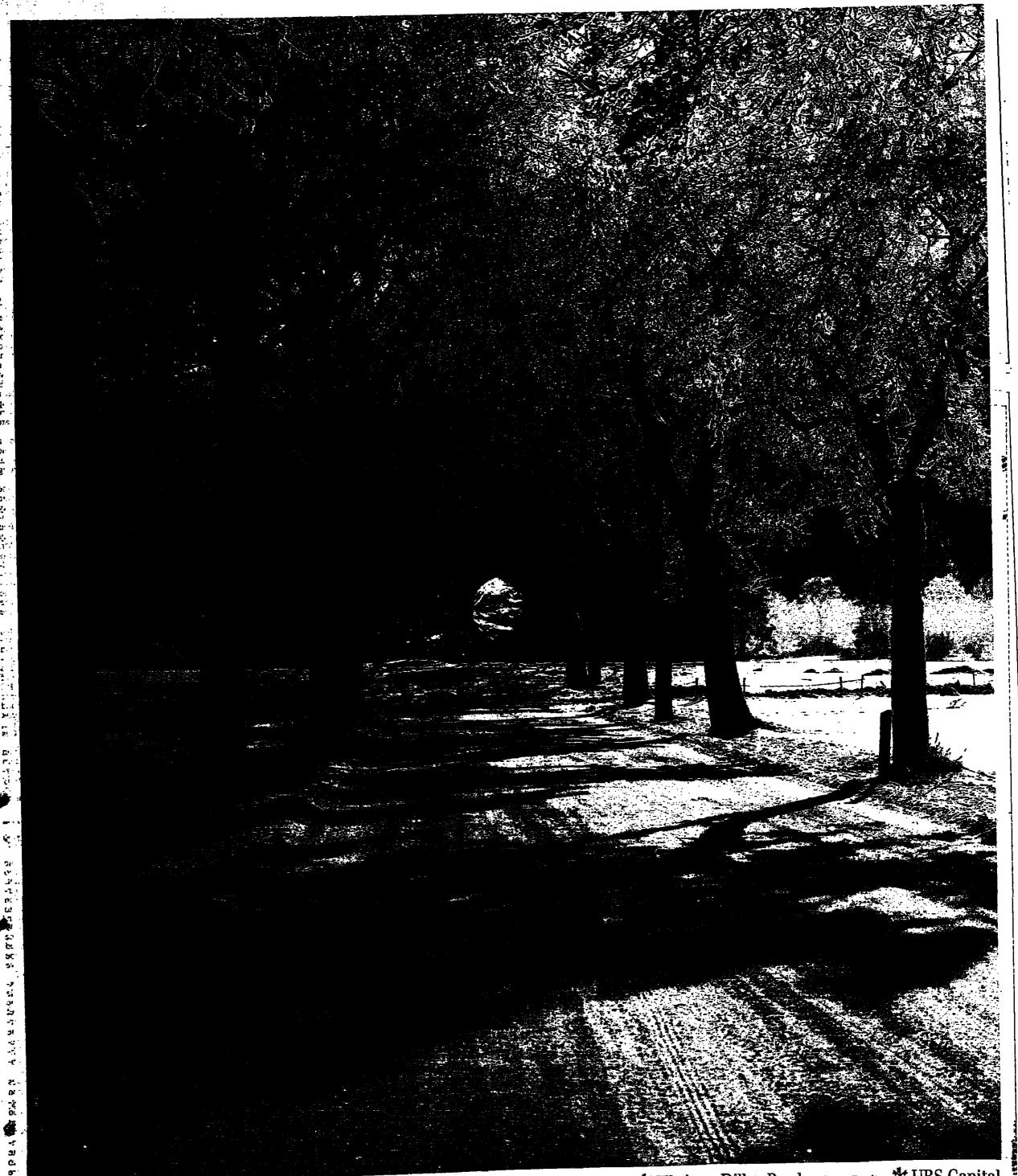


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Herald Eribune **SPORTS**

Koznick Triumphs

SKUNG Kristina Koznick, an American, won the floodlit World Cup slalom Monday night in Semmering. Austria. Koznick, whose only previous victory was in a night slalom at Aare, Sweden, last season, clocked a winning aggregate time of 1 minute 40.49 seconds.

Karin Roten of Switzerland was second in 1:41.33, four hundredth of a second ahead of Pernilla Wiberg of Sweden who finished in

"I have been competing and training under floodlights for 10 years already and I love it," said (Reuters) Koznick.

 Jean-Luc Cretier, the Olympic downhill champion, said Monday that he would take legal action against the Italian resort of Val Gardena, where he was budly injured in a fall in .. race on Dec. 19.

When a French resort organizes a competition, there are plenty of safety barriers," he said. "When you go abroad, things are much more lax." (AFP)

A West Indies Collapse

CRICKET West Indies lost six second-innings wickets after tea Monday on the third day of the third test against South Africa in Durban. Brian Lara, who hit 79, and Shiv narine Chanderpaul, 75, had put the West Indies in a strong position with a stand of 160 before Lara was brilliantly caught by Herschelle Gibbs. West Indies then crumbled to 214 for seven and closed on 246

o Steve Waugh hit a century
Monday as Australia made for 340
in its first inning on the third day of
the fourth test against England in
Melbourne, Waugh made 122 in his 17th test century and passed 7,000 career runs. Darren Gough, the English bowler, took five wickets.

At the close, England was 65 for two in its second inning, five runs behind. Mike Atherton was out for naught for the second time in the match. Alec Stewart was 43 not out.

• In Wellington, India reached 179 for three in its second innings on the third day of the second test. Earlier, Dion Nash and Daniel Vettori added a New Zealand record 137 for the eighth wicket as New Zealand made 352 and a first innings lead of 144.



Dean Headley, an English quick bowler, venting his frustration.

WORLD ROUNDUP Heads Roll In the NFL As 4 Teams Fire Coaches

As 12 teams started the week looking forward to the playoffs, four head coaches began looking for new jobs

coaches began looking for new jobs after they were dismissed on Monday.

The coaches who were let go were Dave Wannstedt of the Chicago Bears (4-12), Dom Capers of the Carolina Panthers (4-12), Ray Rhodes of the Philadelphia Eagles (3-13) and Ted Marchibroda of the Baltimore Ravens (6-10).

Phodes Capers and Wannstedt had

Rhodes, Capers and Wannstedt had all led the teams that dismissed them to the playoffs earlier in their tenures. Wannstedt had been Chicago's head

NFL ROUNDUP

coach since 1993, and his team made the playoffs in 1994. Capers, the only head coach the Panthers have had since they entered the league in 1995, reached the playoffs in 1996. Rhodes took the Eagles to the playoffs in 1995, his first season, and again in 1996. Marchibroda, 67, was 16-31-1 in three

seasons as Baltimore's coach.

In games Sunday, the focus was on playoff seedings and milestones. The Buffalo Bills moved up one spot in the seedings with a 45-33 victory in New Columbia Columbia. Orleans, and the New England Patriots lost, 31-10, to the New York Jets, relegating the Pats to a first-round road

The Green Bay Packers won in Chicago, 16-13, but their first-round opponent, the San Francisco 49ers, then beat St. Louis, 38-19, to ensure the homefield advantage in the first round. On Sunday, New England (9-7) will be at Jacksonville (10-5), which played Pittsburgh on Monday night, and Green Bay (11-5) will be at San Francisco (12-4).

The following week, the top two teams in each conference get into action. On Jan. 9, Atlanta (14-2) will be at home against either Green Bay, San Francisco. or Dallas, and Denver (14-2) will be host to Buffalo, Miami or New England. On Jan. 10, the New York Jets (12-4)

will play Buffalo, New England or Miami, Minnesota (15-1) will take on Arizona, Green Bay or San Francisco.

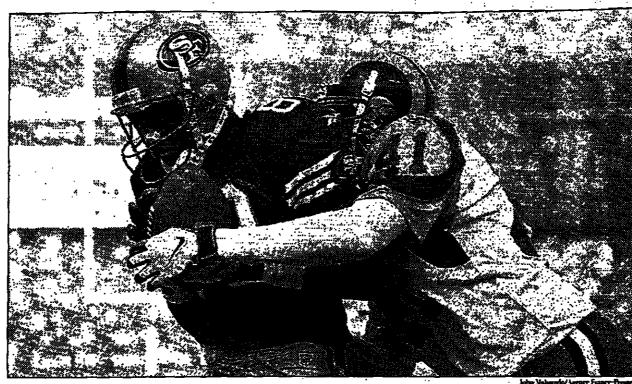
The Broncos' 28-21 victory over the Seattle Seahawks on Sunday was notable for several milestones. John Elway became only the third quarterback to throw for more than 300 touchdowns in his career and Terrell Davis became just the fourth running back to gain more than 2,000 yards in a season. His 178 yards Sunday brought him to 2,008 for the year, 97 yards short of Eric Dickerson's record of 2,105.

The victory also ended a two-game slide by a team that had been 13-0 and looking at an unbeaten season. In other milestones;

 The Cowboys' Emmitt Smith scored his 124th rushing touchdown, putting him atop the NFL career list in that category, one ahead of Marcus Allen. He added his 125th later in the game.

 Detroit's Barry Sanders, who reached 2,000 yards rushing on the final day of last season, fell nine yards short of his fifth consecutive 1,500-yard rush-

 Philadelphia's Irving Fryar, who is retiring after the season, came up 17 yards short of becoming the eighth receiver in NFL history with 12,000 receiving yards.



The 49ers' Jerry Rice hauling in a pass despite the efforts of the Rams' Todd Lyght. The 49ers won, 38-19.

Cardinals End Playoff Drought

Last-Second Victory Over Chargers Brings First Berth Since 1982

By Leonard Shapiro Vashington Post Service

TEMPE, Arizona — The Arizona Cardinals' owner, Bill Bidwill, stood in a corner of his team's locker room with a football tucked under his arm, and he

was not about to let it go.

It was the same football that Chris
Jacke had kicked through the uprights from 52 yards out as time expired, giving the Cardinals their first playoff berth since 1982.

'No one," Bidwill said after the game Sunday, "is going to get it away This dramatic victory was not par-

ticularly pretty, but none of the Cardinals complained about the 16-13 final margin over the San Diego Chargers that clinched the NFL's final wild-card spot and advanced one of the league's longest-suffering teams into a playoff game Saturday against the NFC East champion Dallas Cowboys at Texas Stadium. The Cardinals have lost twice to the Cowboys this season and have lost

nine straight games at Texas Stadium.
It was Jacke's third consecutive game-winning field goal, in the third straight game that his team has won on the final play. It also ended the postseason hopes for the Tampa Bay Buccaneers, who needed the Chargers to win to make the playoffs. Tampa Bay eliminated the New York Giants by beating Cincinnati, 35-0.

San Diego, inept offensively for most of the game, tied the score on a 30-yard touchdown pass on fourth down from Craig Whelihan to the rookie wide receiver Ryan Thelwell with 16 seconds left. But the Cardinals managed to snatch the game right back, in large part a result of a 46-yard return on the ensuing kickoff by Eric Metcalf.

There was an interesting twist to that clutch return of the squibbed Chargers kickoff. Metcalf's father, Terry, was a standout running back and return man for the St. Louis Cardinals in 1975, the last time the franchise made the playoffs in a nonstrike season.

'My dad helped 'em get there, and now I guess you can say I did, too, " said Eric. "When he kicked it to me, I was thinking score, and run into the tunnel

and let's go home. We knew they would squib it. We just didn't know where, It opened up for me right away. Give all the credit to the blocking. All I had to do

The Cardinals took over at the Chargers 44 with seven seconds remaining. But Jake Plummer, the Cardinal quar-terback, who last week signed a \$29.4 million contract extension, has been through these frantic finishes before, with six game-saving fourth-quarter or overtime drives this season and eight over his two-year career.

He had reminded game officials that he would be calling a time-out if he completed his first-down pass. Frank Sanders, who caught a quick 10-yard throw to the Chargers 34 to set up the winning kick, came off the ground after the catch also screaming for a time-out, and the clock stopped with three seconds showing.

'I guess seven seconds is too long to leave on the clock for us now," Plum-mer said. "It's a new standard."

Jacke, a late-season replacement for the injured Joe Nedney, had missed field al attempts of 45 and 42 yards before his game-winning effort. But there nevhad enough distance to clear the crossbar easily, setting off a celebration on the field among the players, soon joined by a howling mob of revelers.

Thousands of fans jumped from the in a scene that became increasingly ugly never done that before."

CALGARY, Alberta - Craig Bil-

lington started in goal for Colorado in

place of Patrick Roy and made 30

NHL ROUNDUP

saves to lead the Avalanche to a 2-1

the shutout, said Billington, who lost it

with 29 seconds left Sunday night. "I

just had to be prepared to do the job I

have, and that's to give Patrick a rest

"It would have been nice" to get

victory over the Calgary Flames.

as turf was ripped from the field and an down the goal posts. The north post bent. but didn't break, and workers were already at work replacing grass that must be used for the Fiesta Bowl between Tennessee and Florida State here Jan. 4, Jacke "seems to hit 'em when it

really, really matters," Plummer said. Not just when it matters." Jacke did contribute field goals of 37 and 36 yards to a Cardinals offense that

also scored on Adrian Murrell's controversial four-yard touchdown run in the first quarter. Television replays suggested the ball may not have crossed the goal line. Arizona's defense had one of its better

ames, including an NFL record-tying four interceptions by the safety Kwamie Lassiter on a day when Chargers receivers dropped numerous passes.

Lassiter was also one of the Cardinals

defenders beaten by Whelihan's late touchdown pass. "None of that matters now," he said. "We're in the playoffs, and anything can happen. Bidwill, known around the league for his eccentric behavior and often erratic

ownership moves, said he would be was any doubt on his final attempt. It celebrating in his own peculiar way, as "I'll have three scoops of ice

cream," he said. "An ordinary win is one scoop. A laugher game, when we come back in the last minutes. I do two stands and over a five-foot picket fence scoops. Today is a three-scoop day. I've

or come on in injury situations."

least a week with a sprained knee:

Roy will be out of the lineup for at

Calgary outshot Colorado, 12-6, in

the first period, but Billington, who

got a bit of help from the goal frame,

was unbeaten until the late goal by

Oilers 3, Canucks 0 The rookie de-

fenseman Tom Pon scored early in

the second period and Mikhail

Shtalenkov made 24 saves for his

second shutout of the season as the

Oilers beat the visiting Canucks.

Andrew Cassels.

'Final' Offer Rejected, **NBA Says**

Players' Move May Bring Cancellation of Season

By Selena Roberts
New York Times Service

NEW YORK - In what could lead to the cancellation of the National Basketball Association season, Commissioner David Stern has presented what he called the league's final offer to the executive director of the players union, Billy Hunter, and league officials said Hunter had turned it down.

League officials said that the union's response to Stern's concessions left them with no hope of ending the lockout by the league and saving the season before the Jan, 7 deadline Stern has set.

"We're done; we have gone as far as we can go," said Jeffrey Mishkin, the NBA chief legal officer. "There are no more offers. I expect the season to be

Hunter, who met with Stem for five hours Sunday in Denver, was not available to comment on the meeting.

"In an attempt to salvage the season we made additional improvements in our offer" in a number of areas, Stem said in a statement. "Unfortunately, this was not enough for the union. We advised the union that no further offers from the NBA will be made."

If so, the union's apparent rejection of the league's offer puts the NBA close to, becoming the first major American professional sports organization to cancel a season. But with time remaining to make a deal, Hunter may be planning to present the league's latest offer to the union's negotiating committee in the next few days and then contact Sternagain during the week.

But one union official said, "Most of

the changes on the part of the league

were purely cosmeric."

Before the meeting Sunday, Hunter had appeared to be willing to swap concessions and accept the maximum salary offers by the jeague if Stern would re-ciprocate by increasing the minimum salary and offer an additional salary-cap exception. The concessions offered by Stern did address the union's major con-cens, but the numbers apparently fell short of the union's desires.

The deagne increased its offer on the players' share of revenue to 53 percent in the fourth year of the deal, 53.5 percent in the fifth and 54 percent in the south. The union has held firm on 56 percent to 57 percent of baskethall-related revenue.

■ Divac Joins Yugoslav Team

Viade Divac, a Yugoslav center who played for the Charlotte Horners last son, has joined the drift of locked-out NBA stars to European teams. The Associated Press reported from Belgrade. He will join the Yngoslav champion Red Star in the Euro League, officials of the Belgrade team said Monday. Divac will start for Red Star in the

Euro League march against Zalgiris, Lithuania, in Belgrade on Jan. 7.
Divac could face Arvydas Sabonis.

The Portland Trail Blazers center has been considering an offer to join the Lithuanian team but is also being pursued by Real Madrid of Spain.

Divac told Politika, a daily newspaper, that he had rejected a much better financial offer to play for Kinder Bologna, choosing to play for the Belgrade team for patriotic reasons.

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THE WELL UPDATE

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SPORTS

Gale Kills 2 in Australia Race

Other Yachtsmen Feared Drowned, but Sydney-Hobart Event Goes On According to the last of the l

SYDNEY - Gale-force winds and high seas battered dozens of yachts in the Sydney-to-Hobart race Monday. At least two sailors were killed as boats capsized or sank, and rescue helicopters

hoisted 50 others to safety. Four more sailors were missing and at least one was presumed drowned. Rescue boats battled winds of 90 miles (145 kilometers) per hour and 35-foot (10- Dad simply loved life." meter) waves to my to reach other competitors.

Five-story masts snapped like tooth-picks, and swamped boats wallowed in roiling seas Monday off the southern Australian coast, about 400 kilometers south of Sydney, Emergency flares sent streams of red smoke into the air to help helicopters find the orange life rafts in the storm.

he storm.
The 1,160-kilometer race continued despite the worst toll in its 54-year history. Of the 115 yachts that entered, 59 have been forced to seek shelter and several boats have been abandoned, race officials said.

Some 27 navy ships searched Austrains's southeast coast for stranded sailors after the calls of "Mayday! Mayday! Mayday!" came over the radio.

Two Australian sailors were killed when the 40-foot boat Business Post Naiad capsized 60 miles off the New South Wales town of Merimbula. The drowned men were Bruce Guy, the

yacht's owner and skipper, and Phil Skeggs, a first-time race participant. Guy suffered an apparent heart attack

during one of the boat's two rollovers. and Skeggs drowned when he was un-able to free himself from his safety

"Dad loved sailing," said Guy's son, Mark. "He loved the competition. He also loved a beer and a talk after the race.

Glyn Charles, a British sailor, was washed off the Sword of Orion yacht Sunday night and presumed drowned. Robin Poke, a spokesman for the Australian Maritime Safety Authority, said it was unlikely that Charles, 33, could survive more than 24 hours in the

wild seas. "He will be a superman if he makes it," Poke said. Six crew members from the yacht

Winston Churchill were plucked from two life rafts late Monday night, but three others were missing.
"We are unsure about what has

happened to the other three; it appears they were washed out of the life raft," a spokesman for the maritime authority David Gray, a maritime spokesman, said many sailors had suffered injuries.

"There's just many, many injuries on those yachts that got knocked down,"

"A lot of them rolled over — one

rolled over twice," he said. "They really got pounded yesterday." Richard Winning, the skipper of the

Winston Churchill, who was rescued off one of the life rafts, told of a frantic struggle to stay alive. 'After we got into the life raft and

became separated from the others, the damned thing capsized twice on these great seas at night, which is bloody frightening, let me tell you," he said. You have got four of us underneath

this little canopy, and the next thing is you are upside down. I wouldn't want to have spent another night out there." John Campbell, an American sailor who was rescued by a police helicopter after being swept overboard when his yacht rolled over, got hypothermia after being in cold water for about 40 minutes. A senior constable, Barry

Barclay, had dropped into large swells from a helicopter to rescue him. "I was definitely worried," Campbell said. "There was a point I didn't

think I was going to survive." In spite of the storm, the race continued. Sayonara, the American maxi yacht that won the race in 1996, was narrowly ahead of the winner of the race last year, Brindabella, and was expected to cross the finish line Tuesday.

The first recorded death in the race, which started in 1945, was in 1984 when a 72-year-old yachtsman was washed overboard and presumed drowned.



David Ginola, Tottenham's French star, moving past Everton's Richard Dunne, right, and Don Hutchinson.

Aston Villa Is Back on Top in England

The Associated Press

LONDON - Asion Villa returned to the top of the English Premier League Monday by beating lowly Sheffield Wednesday, 2-1, with a headed goal by defender Ugo Ehiogu five minutes from the end.

had given Villa the lead after seven minutes. Benito Carbone leveled a minute later for Wednesday, which lost the defender Dejan Stefanovic, who was ejected in the 21st minute.

Gareth Southgate, another defender,

Chelsea, which started the day as leader, hosts fourth-place Manchester United on Tuesday evening. Arsenal, the champion, moved up to

third with a 1-0 victory against its strug-gling London rival Charlton. Marc Overmars scored the goal with a penalty kick. Arsenal lost Dennis Bergkamp and Nigel Winterburn through injury and Patrick Vieira was sent off for lashing out at Neal Redfearn.

Michael Owen and Karlheinz Riedle each scored twice as Liverpool came back from two goals down to beat New-castle, 4-2. Nolberto Salano, amidfielder, put Newcastle ahead in the 29th Hamann, was sent off a minute later, but Andreas Andersson, a forward, doubled Newcastle's lead after 56 minutes.

Owen started the comeback with a goal in the 67th minute. Riedle leveled three minutes later. Owen put Liverpool ahead in the 80th minute, taking his tally for the season to 15. Riedle completed

the scoring in the 84th minute. There was another burst of late goals in north London, where Chris Armstrong scored three times in 18 minutes as Tottenham crushed visiting Everton, 4-1.

4 Inquiries Look Into Salt Lake City Bid

By Amy Shipley Washington Post Service

1 WASHINGTON - Four separate investigations are underway into how Salt Lake City obtained the 2002 Winter Games. The allegations against the bid committee include awarding thousands of dollars in scholarships to relatives of six members of the International Olympic Committee who voted on the bid, as well as providing free medical service to three other members and giving gifts such as rifles worth more than \$1,000 apiece.

Anita DeFrantz, one of four vice presidents who serve under the IOC president, Juan Antonio Samaranch, was asked if the IOC would consider reprimanding Salt Lake City organizers should the allegations prove true. Her

response was her own question: "Do we reprimand them and all the other cities?" she said. Salt Lake City had the records" of

seem to have destroyed the seconds: I bers and tighten its bidding procedures.

rather than punish Salt Lake City. Even an IOC executive board member Marc Hodler, who unleashed the scandal by characterizing scholarships Salt Lake City bid committee officials gave to IOC members' relatives seven years ago as "bribes," said Salt Lake were victimized, Hodler said, by a small group of tinethical IOC members who

were willing to sell their votes.

The IOC's 115 members are unpaid volunteers representing all the countries in the Olympic movement.

The executive board has promised not to strip the 2002 Games from Salt

Lake City or demand resignations from checks and balances," Helmick said. "That leads to corruption." izing Committee, which is somewhat different in makeup than the bid com-

mittee that ceased to exist in 1995.
The IOC, which created a special committee to examine the actions of its members, is conducting just one of four investigations into the matter. The U.S. Justice Department is trying to determine if any of Salt Lake City's actions constituted violations of federal fraud, tax or public corruption statutes.

The U.S. Olympic Committee appointed George Mitchell, the former Senate majority leader, to head its inquiry. which will study the Salt Lake City bid committee's actions and provide guidance and direction for the future. An independent ethics panel in Salt

Lake City will review possible improprieties made by local committee members that may have occurred during the bidding process. The ethics panel would make recommendations for further acits conduct, she continued. "Other cities it in if individuals acted improperly. seem to have destroyed the records. I The IOC inquiry is scheduled to end

wonder why?"

by Jan. 23: The USOC and independent

DeFrantz and Dick Pound, a fellow ethics commission have said their in-19C vice president, said the IOC would vestigations would conclude in Febru-prefer to punish unscrupulous IOC memary. The Justice Department inquiry will most likely take several months. Frank Joklik, the SLOC president

and Dave Johnson, the SLOC senior vice president, who both had significant roles on the bid committee, will be questioned about their participation in the bid process.

Robert Helmick, the former president City was not to blame. The organizers of the USOC who in 1991 became the only IOC member to resign because of ethical violations, involving legal and consulting fees he received from Oly-mpic-related clients, said a small bloc of IOC members had been willing to sell its votes for such gifts as for coats.

"It's people without a constituency dealing with a lot of money, without the

DeFrantz said the IOC must contend with the "few" members who "demean our Olympic movement."
Pound added: "I do not like the

thought that people are looking at me sideways once they learn I am a member of the IOC, wondering if I am some sort of crook. Because of the actions of a few bad apples, everybody is being tainted. We don't like that at all." Though IOC members are required to

decline gifts that exceed \$150 in value, they have been free to accept first-class plane tickets, long stays in luxury hotels and dinners at expensive restaurants from cities trying for the Olympics.

Last week, Samaranch told a Swiss newspaper that IOC members would not be allowed to visit bidding cities. "There are many ways to change it and to adjust it," DeFrantz said. "I'm absolutely confident the IOC will act to

do that, even for the selection of the 2006 city. DeFrantz suggested that IOC members found guilty of wrongdoing would be asked to resign immediately.

. Call to Scrap Olympic Ga Australia's former sports minister has called on the IOC to scrap the Olympic Games after 2004 because their credibility had been badly damaged by the bribes scandal, Reuters reported from Sydney.

Andrew Thomson, the son of golfer Peter Thompson, said the Olympics should be replaced by another global sporting event organized by a different group of people.

He said he did not think IOC members, "appointed for life, silly as that obviously is, that they can redeem themselves. What better than to say Athens, Olympic history and all that, why not make 2004 the last?'

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MEN Top 25 No. 4 Cincinnati (11-0) def. Doylon 53-51. No. 5 Maryland (13-1) def. 5. Car. 51. 104-70. No. 9 Parties (12-2) lost to Providence 87-82.

No. 10 Indiana (12-2) def. Drake 102-46.

No. 20 Wisconsin (12-1) dof. Fresno St. 87-65. No. 22 Syntage (8-3) del St. Boroverture 71-55. LLADING COLLEGES Villanova B7. Howard 49

Florida 79, Auchinan 63 Virginia 72. Delaware 6. forthwestern 67, Long Beach \$1, 47 Notre Dame 99, St. Francis, N. r. 85 mska 62, Son Francisco 55 WOMEN

TOP 25 No. 1 Conn. (9-0) def. Quinnipla: 117-20 No. 9 Calorado St. (13-1) def. Anzana 80-70

SOCCER

ENGLISH PREMIER LEAGUE ENGLISH PREMIER LEAGUE
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Derby Courny 2. Middlesbrough 1
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Tottenham Hotspur 4. Everton 1
West Ham United 2. Coventry City 0
STANDINGS: Aston Villa 39 points, Cheksen 36: Arsenal 35: Monchester United 34, Leed-County 28: Leicosler City 27: Tollenham Has-spur 27: Newcostle United 24: Everton 23: Sheffield Wednesday 22: Coventry Cdy 17: Charlton Athletic 16: Blackburn Ravers 14: Southampton 14, Northigham Forest 13.

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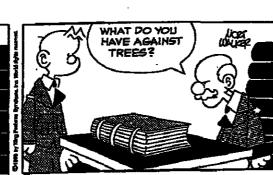
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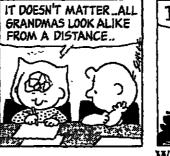


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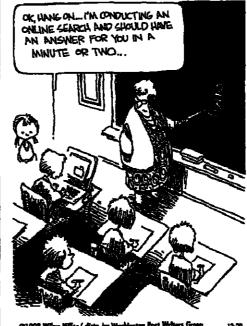






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Sleaze and Sinners

Ken Starr. My choice for Man of the Year was Larry Flynt, tler. It was Larry who changed

the face of American politics. He was the one who revealed to the American people that Republicans engaged in the

same unforgivable sexual activities Democrats. He found that elected officials of both parties take their pants

off the same



How Larry discovered this is an interesting story. He put a full-page advertisement in The Washington Post offering \$1 million to any woman who had had an affair with a member of Congress or someone in government. Once the ad ran he received hundreds of replies. "It at the title. looked like rush hour at Grand Central Station, an editor at Hustler told me. today than we were yester-"We had to stop after we got day? If you don't count Monthe goods on 10 congressmen ica Lewinsky's dress and Livbecause we were afraid of ingston's peccadilloes, we running out of money."

NEW YORK—I disagree Among those caught in the with Time magazine's net was Representative Bob selection of Bill Chinton and Livingston of Louisiana, the soon-to-be speaker of the House, who, while admitting publisher of the skin mag Hus- to adultery, maintained that his was different from Clinton's because he didn't lie about it.

Another difference was that after Livingston confessed, he received a standing ovation from his colleagues - which, Republican leaders pointed out, Clinton never received with a similar tale. Until Flynt's revelations,

no one had thought that Republicans sinned It was believed to be purely a liberal Democratic activity. But now we know adultery is a bipartisan pastime and should not be judged by anyone except those who have never done itor who have done it but still refuse to admit to it.

There are some who say Larry Flynt is too sleazy to be Man of the Year. But anyone who exposes the underside of Washington deserves a crack

The question Americans must ask: Are we better off

Allegations of Looting Antiquities

BOSTON — The Boston Museum of Fine Arts apparently acquired scores of Greek and Roman antiquities looted from archaeological sites in Italy, the Boston Globe reported. The newspaper said the museum seemed to have acquired the objects in the 14 years since it says it abandoned dealings in the illicit art market. The Globe said the questionable objects included three valuable Greek vases apparently ex-

cavated illegally from 2,300-year-old grave sites in the Apulian region of southern Italy and smuggled out of the country.

The newspaper has been investigating the museum's collections with the help of classical scholars and art experts. It said it found that only 10 of the 71 items in the Greek and Roman collection had any recorded ownership.

The museum declined to comment immediately.

The American Woman Leaves Italy Spellbound

By Alessandra Stanley New York Times Service

OME - When Heather Parisi fainted at the end of a dance number on a popular Italian variety show, it was reported on the front pages of Italy's leading newspapers. Wendy Windham, a bloude and buxom sidekick on yet another popular variety show, was mobbed by paparazzi as she went Christmas shopping in the Piazza Navona.

Justine Mattera, who does a pale impersonation of Marilyn Monroe on a talk show, is a household name in Italy. So is Randi Ingerman, who recently got her own sitcom, "Men Are Ali Alike."

Actually, in Italy it is the American women on television who have a lot in common. Like almost every other country in the world except perhaps Burma, Italy imports a large number of U.S. television shows, from sitcoms and soap operas, to "E.R."
But Italian television's fondness

for Americana goes a bit further than most. Almost every variety show — and there are dozens — features what Italians call a soubrette, borrowing an old French term for a nubile maid in a theatrical comedy. On Italian television, the ideal soubrette does not necessarily sing or dance, but she is almost always tall, blonde and Californian, and speaks adorably fractured Italian.

"They don't want me to speak Italian well," Windham said, ex-plaining her job description on "I Cervelloni," a popular variety show centered around inventors and their gadgets. The other re-quirements are that she wear sparkling gowns with slits and plunging décolleté, and smile while the host, Giancarlo Magalli — who is plump, balding and a full head shorter than she -- leers up at her figure and mocks the way she talks.

American accents are funny to-Italians. But Italian audiences also seem to delight in the pairing of tiny balding men with towering blonde women.

'It's Beauty and the Beast ___the.



Randi Ingerman, center, on the set of "Ciao, Darwin," is among a wave of American stars.

fantasy that even the monster can bealthy looking American girl." have the beauty," explained Gian-luca Nicoletti, a radio talk show host and television critic. "On Italian television, you never have hand-some men. It's short, ugly guys and big, beautiful dumb women.

But some sociologists also see deeper reasons rooted in the Italian fascination with American culture, as well as tiny pangs of subcon-

We no longer look to the United States for economic help or political direction," said Franco Ferrarotti, an Italian sociologist. "Now we are fixated on America for its youth. are old — 60 percent of us are That made me mad." retirement age. We have a new cul-

Ferrarotti, whose own wife is American, added: "She should be beautiful, blonde and have an obvious handicap, like she can't speak the language. That allows us to be patronizing—this perfect girl needs our help."

Offstage, Windham, 31, a Californian who has lived in Italy for nine years, speaks fluent Italian and sometimes has difficulty recalling English. On television, however,

she is not supposed to seem clever.
"They don't want me to talk." she said. "One time we had Australian inventors on the show and Europeans, and especially Italians, instead of letting me interpret, they perceive themselves as old. And we used instantaneous translators.

tural ideal, which is a youthful, has a career and celebrity in Italy

that she could never hope to da-plicate at home. So did Carol Alt, 38, a tall, blue-eyed former supermodel who has starred in several Italian miniseries and now, with the

happy with what has happened for me here." Asked why she and other Americans were so popular in Italy, Alt replied, "I think Italians find foreigners — bow do you say?

But she readily admitted that she of soubrettes on the game show andiences," Cannizzaro said. "But as a career and celebrity in Italy "The Wolf's Month." men still make the TV shows."

Audience members select the woman they want to spin the wheel, and Molton is picked so often that each time, the host, Carlo Conti, ritually sighs, "Lisa again?" Molton, 20, a ballet dancer from Massachusetts, arrived in Italy only three months ago and was cast as soon as she opened her mouth and failed to say anything correctly ex-

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cept "pasta".
The balding and bespeciacled host enjoys mocking her American accent, echoing the American accented, Italian-dubbed voice of Sum Laurel in the old Laurel and Hardy movies, which, known as "Sunlio e Ollio" are still popular in Italy. That inside joke is lost on Motion.

"They are always imitating the way
I say 'non capito,' 's she said. 'I think it has something to do with two characters in Italian history.'

Parisi, 38, a dancer who has performed on Italian TV shows for 20 years, was discovered in a Roman discomeque. Last month she riveted her fans when she fainted on "Caramba, Che Fortune," while performing a vampy pas de deux, (She later explained that a doctor had given her a overdose of painkiller for a strained leg muscle.)

Italians love her dancing, but she is just as famous for her brash blonde American image - and

pronunciation.

To some, this is a uniquely lialian phenomenon. "These shows reveal a mix of unconscious rascality and also self-mockery," said Giuliano Ferrara, the editor of the

help of dubbing, plays a heart specialist on "Under the African Rome daily Il Foglio.

Sky," a new television drama.

"Td like to work at home, for sure," Alt said. "But I am very playful fantasy that even men like playful fantasy that even men like es can get a tall, beautiful Amer-

Why so many shows cater to male fantasies, even though the audiences for them are predomaffascinante, exciting and dif-inately female, is a mystery that ent." does not baffle Daniela Canniz-That may well explain the sud-zaro, the cultural critic for Italy's den popularity of Lisa Molton, a feminist magazine, Noi Donne.

PEOPLE

THE Trappist monks of Kentucky I changed the message on their Web site and unplugged the fax machine at the Abbey of Gethsemani after being swamped with orders for their trademark fruitcake, cheese and bourbon fudge. Folks are being told they can still order, but not to expect delivery until April. "Well, we're out of food," said Brother Anselm, head of the abbey in Trappist, Kentucky, about 35 miles (55 kilometers) south of Louisville. Business was so good that the 75 brothers could not keep up with the orders. Since they started taking orders on-line this year at www.monks.org, the monks have seen their business skyrocket.

Fred Rogers has a fish tank and a little red trolley, but a gun? The host of the PBS children's show "Mister Rogers" Neighborhood," has sued Gadzooks Inc., a Texas-based chain of novelty stores, for selling T-shirts that display him with his trademark sweater, a smile

and a silver handgun. Instead of saying,

"Won't you be my neighbor?" the shirt

says: "Welcome to my 'hood." Thomas Wettach, Rogers's attorney, said: "It's bad for the kids. It's sick humor."

Jackie Chan is a frugal fighter, washing his own underwear and socks every

night in a botel because laundry charges are too high. The action movie star also frets over wasting soap. "I go to the Beverly Hills Hotel, I use the soap one day, two days. I take the shower cap and wrap the soap in it and travel with it," he

told the Los Angeles Times. "The new A Cache of Letters to and From 'Mrs. Brown'

The Associated Press ONDON - Letters exchanged between Queen Victoria and her gamekeeper, John Brown, have been discovered in an attic in Scotland, a British newspaper reported Monday.

The cache had been stored for many years in a trunk belonging to one of Brown's descendants at a home near Balmoral Castle, the royal estate in

The relationship between Queen Victoria, who was mourning the death of her husband Albert, and her servant sparked many rumors in the mid-1860s and was also the focus of the 1997 movie "Mrs. Brown." While researching the movie, the executive producer Douglas Rae and the writer Jeremy Brocks were alerted to the letters by one of Brown's descendants, the newspaper said. The woman, who was not named, gave the filmmakers access to the letters. Rae said the family allowed them to use background material gleaned from

the letters, but specific details were kept secret. The discovery of the letters was

announced to coincide with the television premier of the film in Britain.

Nick Nolte is getting some of the best notices of his career, but his paychecks are not earning many raves. "I'm going broke - compared to the lifestyle I was living," the actor said in the New York Daily News. He said he decided several years ago to avoid big studio pictures in favor of more meaningful roles.

generation, they just waste it. When we

were young we didn't have soap."

Sean Penn says be has had it with Hollywood - again. "This is it. I'm not co-star of "The Thin Red Line" and player in Woody Allen's latest, now being filmed around New York. It is an oft-repeated threat, friends of Penn said in this week's New York Times Magazine. "He's not going to give up acting," Jack Nicholson said. "What Sean means is that he would like to give up the thought of making the brand of picture that opens big on a Friday night."



POETRY AND MOTION - The poet and author Maya Angelou, e directing "Down in the Delta," a film she also produced, in Los Ar



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